POLICY Review

DECEMBER 1999 & JANUARY 2000, NO.98

THE TROUBLE WITH TAX CUTS
BRUCE BARTLETT

REAGAN AMONG THE PROFESSORS
PAUL KENGOR

HUMANITARIAN HAWKS?
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OF BULLS AND BUBBLES
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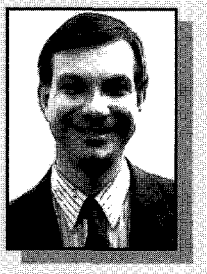

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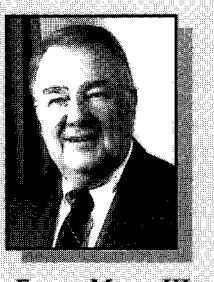

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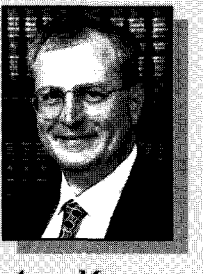

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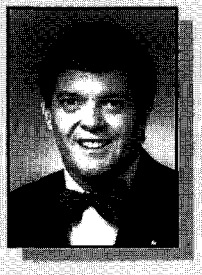

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The Trouble With Tax Cuts

By BRUCE BARTLETT

IN RECENT YEARS, tax cuts have fallen sharply as an issue of concern to voters. Poll after poll puts cutting taxes well down the list of priorities. This is puzzling because taxes as a share of gross domestic product or personal income are at all-time highs and have risen very sharply during the Clinton administration. Taxes have risen much more sharply than during the 1970s, when the increases led to a tax revolt epitomized by Proposition 13 in California and the election of Ronald Reagan in 1980 largely on a promise to cut tax rates across the board.

Political conservatives lament the decline of tax reduction as a political issue, but as yet have offered no coherent explanation for why this should be the case. Many have merely fallen to repeating their calls for tax cuts in the apparent hope that repetition alone will make people more receptive. That is always a possibility. But on the theory that advocacy is most effective when advocates know not only what they want but also what others want, a better approach might be to take a hard look at why the case for tax cuts is failing.

Tax and poll data

IT IS NOTORIOUSLY DIFFICULT to draw definitive conclusions from polling data, because questions are asked at different times by different organizations in slightly different ways. Nevertheless, although the particular numbers vary from place to place and time to time, as far as taxes are concerned the general trend is unmistakable. People simply do not rate tax reduction as a primary goal today. Consider the following data from September 1999 polls:

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- *Fox News/Opinion Dynamics*. Registered voters were asked what are the two most important issues for the federal government to address. First was education (30 percent), second was Social Security (23 percent), third was health care (18 percent), with taxes coming up fourth (15 percent).
- *Harris*. Americans (not just registered voters) were asked the same question. First on their list of concerns was education (17 percent), second was crime (16 percent), and taxes (15 percent) were third.
- *CBS News*. Americans were asked to select the single most important issue they would like presidential candidates to address. First was education (27 percent). Health care, Social Security/Medicare and taxes were tied for second at 22 percent each.

This suggests that while a significant percentage of Americans view taxes as the most important issue, the vast majority of Americans put other issues higher on the list of their concerns. This attitude is in sharp contrast with prevailing views in the tax revolt era, when people seemingly wanted their taxes cut regardless of the consequences. Following is a *New York Times* reporter's summary of a national poll in the wake of Proposition 13 in 1978:

> Fifty-one percent of those interviewed in the *Times* poll said they would vote for a measure like Proposition 13, which cut property taxes and placed a limit on future increases in California.
>
> A majority said they would prefer a smaller government and fewer services if it meant a lower tax rate, but many voters do not believe they really have to make a sacrifice. Time and again, they said that costs could be cut by "trimming fat" and that taxes could be reduced without reducing services.

Clearly, nothing like this sentiment exists today. Indeed, even self-identified Republicans believe that increasing spending for education and Medicare is a better use for the budget surplus than cutting taxes for businesses and individuals, according to a 1999 *Wall Street Journal*/NBC News poll.

The irony is that taxes are higher and rising faster today than they were at the time of Proposition 13. As Figure 1 illustrates, in the 26 quarters leading up to Proposition 13, federal taxes as a share of GDP were unchanged. They were 19.1 percent in the first quarter of 1972 and 19.1 percent in the second quarter of 1978. Over this entire period, taxes peaked at 20.1 percent of GDP in the third quarter of 1974, falling sharply thereafter as a result of the 1973-74 recession and the 1974 tax rebate.

By contrast, over the past 26 quarters — from the first quarter of 1993 to the second quarter of 1999 — federal taxes have increased significantly, from 19 percent of GDP to 21.9 percent. By a significant margin, in the entire history of the United States, including wartime, federal receipts have

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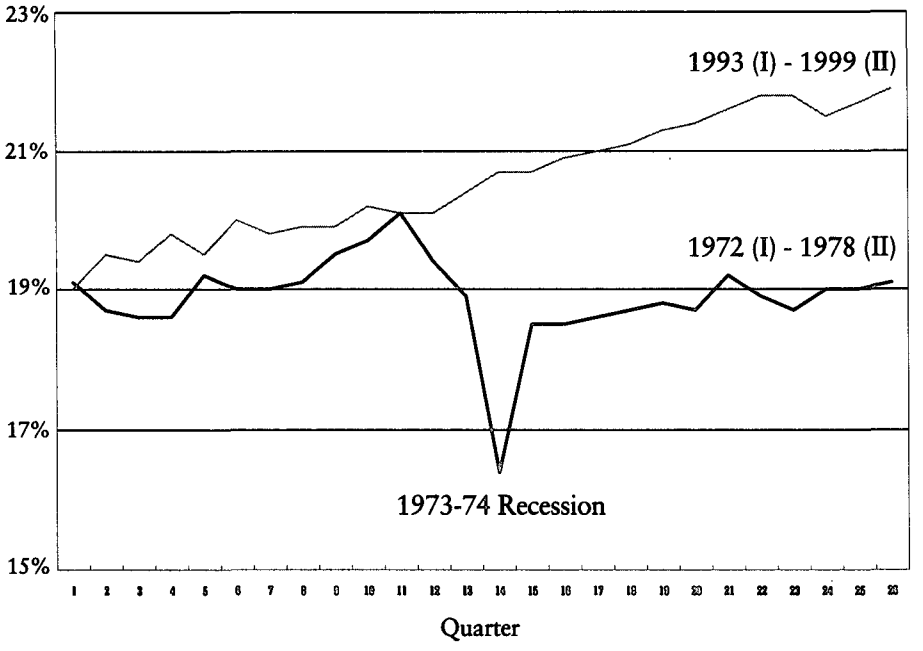
FIGURE 1
Federal Receipts as a Percentage of GDP



Source: Department of Commerce

never taken a higher share of GDP. On a quarterly basis, the highest percentage ever recorded prior to the Clinton administration was 20.7 percent of GDP, achieved in the first quarter of 1969 as a result of the 10 percent surtax imposed that year, and in the first two quarters of 1981, just before the Reagan tax cut took effect. At the peak of World War II in 1943, taxes only consumed 19.9 percent of GDP, and at the peak of the Korean War in the first quarter of 1951, they only took 20.1 percent.

It seems clear that the sensitivity people feel toward high taxes is unrelated to the actual tax take, as conventionally measured. Clearly, there must be some other explanation for the tax militancy of the 1970s and the tax passivity of the 1990s.

Wealth and income

ECONOMISTS SPEND a lot of time analyzing the so-called wealth effect. However, their analyses generally are limited to calculating how much additional spending will result from a given increase in household wealth. Many economists believe that the strength of consumer spending and, hence, economic growth over the past several years is due mainly to the wealth effect.

No analysis that I am aware of has looked at the impact changes in wealth may have on other economic variables — such as the sensitivity of

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individuals to taxes. But it may be that such changes help explain how people feel about the taxes they must pay, and thus the political consequences.

Generally speaking, taxes are paid out of incomes rather than wealth. (The estate tax is an exception.) Thus it makes sense to analyze taxes as a share of income, rather than as a share of wealth. But for most people, increases in wealth appear as more income. This is especially the case since more and more pensions have been converted from defined-benefit to defined-contribution plans, such as 401(k)s and IRAs. Under the former, increases in the stock market have no impact on people's benefits, and, in any case, it is difficult for people to calculate from year to year the present value of any changes in their pension benefits. With defined-contribution plans, however, people see the direct effect of increases in the stock market in the balances of their retirement accounts, and they can determine the exact dollar amount almost instantly.

Furthermore, as corporate equities have grown as a share of household wealth, largely at the expense of housing, it is easier for people to see changes in their net worth on an annual basis. In just the past 10 years, corporate equities have more than doubled, from 10.5 percent of all household assets to 24.3 percent, and from 17.2 percent of financial assets to 34.6 percent. And the Securities Industry Association estimates that the percentage of households owning stock has risen from 19 percent in 1983 to 48 percent today.

With wealth changes easier to calculate, many people now view increases in net wealth as equivalent to increases in income. This is consistent with the definition of income that many economists have long advocated for tax purposes; they would treat changes in net worth, gains or losses, as ordinary income. Therefore, it may be more appropriate to look at taxes not just as a share of GDP, but as a share of GDP plus the increase in net worth over the previous year.

As Figure 2 shows, taxes as a share of GDP plus the year-to-year change in household net worth have fallen from 18.3 percent in 1990 to 15.1 percent in 1998. This is due mainly to the fact that net worth rose by $3.7 trillion last year, 43 percent of GDP, but only $431 billion in 1990, less than 8 percent of GDP.

Because a major share of net worth is held in forms that are not subject to annual income taxes — assets in pension funds, unrealized capital gains, home equity, etc. — taxes rise more slowly than the rise in net worth. By contrast, because of progressivity, taxes rise faster than incomes. That is why taxes as a share of GDP plus the rise in net worth have fallen, while taxes as a share of GDP have risen.

If people instinctively interpret changes in net worth as changes in their incomes, then total incomes are actually rising much faster than they appear in most government statistics. That has had the effect of reducing the effective tax rate well below what is suggested by federal receipts as a share of GDP.

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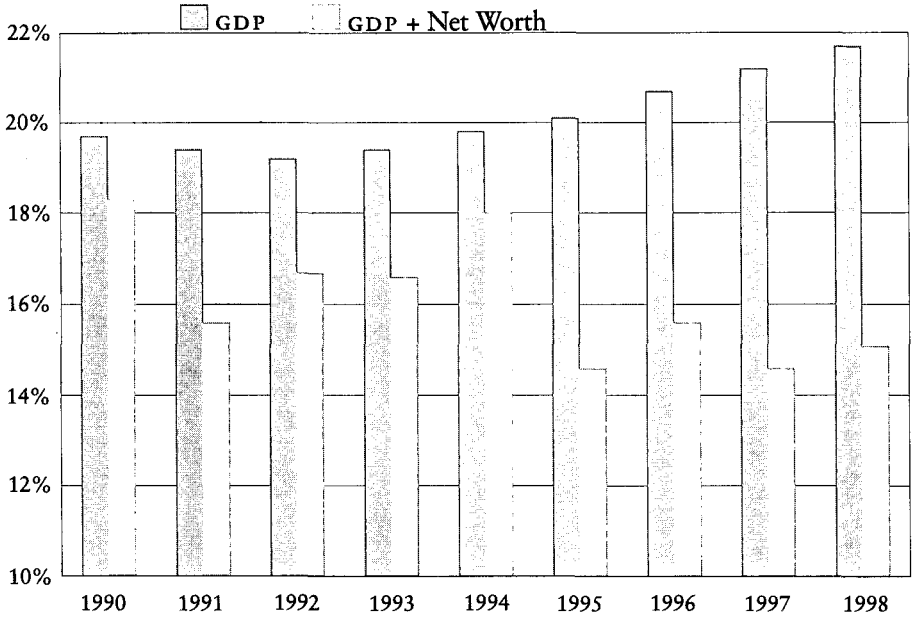
FIGURE 2
Federal Receipts as a Percentage of GDP and of GDP Plus the Increase in Net Worth



Source: Federal Reserve, Department of Commerce

As long as net worth keeps rising at a healthy clip, people will probably remain relatively unconcerned about rising taxes. But if net worth should drop, then the effective tax burden will rise sharply. That is what happened in 1994, when the value of corporate equities and mutual funds held by households fell by almost $50 billion after rising more than $400 billion the year before. This may help explain the Republican takeover of Congress that year.

Change (for the better) in tax structure

ANOTHER EXPLANATION for the decline in support for tax cuts has to do with the changing nature of our tax structure. Two facts stand out. First, the tax burden has shifted more and more heavily toward those with upper incomes. As a consequence, the effective tax rate on those with modest incomes has fallen even as the aggregate tax burden has reached record levels. Second, although effective tax rates on those with upper incomes have risen in recent years, marginal tax rates have fallen sharply from those prevailing during the tax revolt years of the 1970s.

Figure 3 presents data on the distribution of the total federal income tax burden by percentiles. From 1980 to 1997, the share of total federal income taxes paid by just the top 1 percent of taxpayers (ranked by adjusted gross income) rose from 19.05 percent to 33.17 percent. The top 5 percent of tax-

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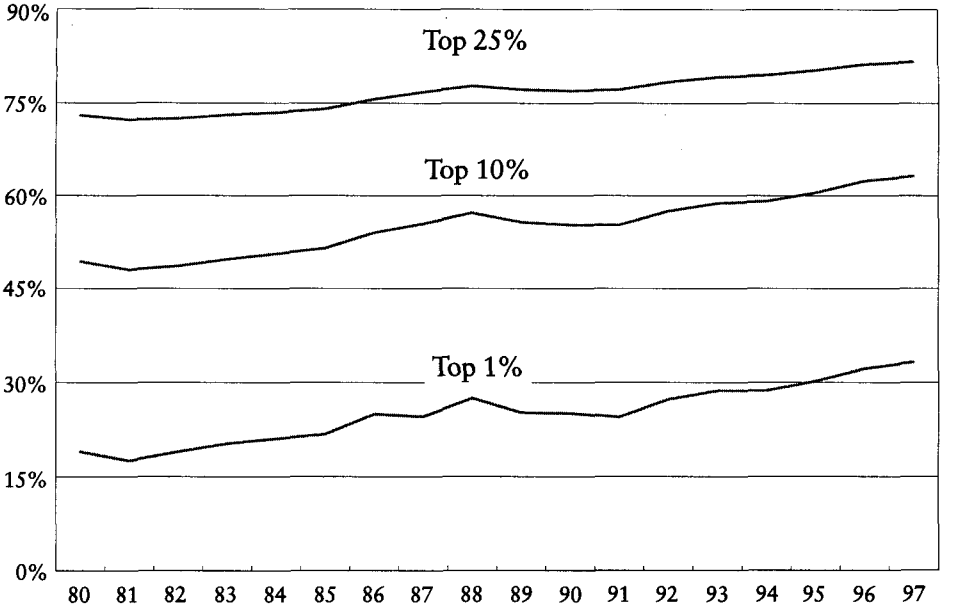
FIGURE 3
Percentage of Total Federal Income Taxes Paid, by Income Percentile



Source: Internal Revenue Service

payers now pay a majority of all federal income taxes. Their share has risen from 36.84 percent to 51.87 percent over the same period. And the top 25 percent of taxpayers have increased their share from 73.02 percent to 81.67 percent.

Ironically, the effective tax rate on those with high incomes is substantially lower today than it was when their share of total income taxes was much smaller. According to the Internal Revenue Service, the effective tax rate on the top 1 percent of taxpayers was 34.47 percent in 1980. It fell to a rate of 23.14 percent in 1990, but has risen since to a rate of 27.64 percent in 1997. For the top 10 percent of taxpayers, the effective rate was 23.49 percent in 1980, falling to a low of 18.43 percent in 1991, and now stands at 21.36 percent.

As a consequence, tax rates on those with low incomes have fallen, and have even become negative for many because of the refundable Earned Income Tax Credit. According to the Congressional Budget Office, the effective income tax rate for those in the bottom quintile has fallen from -0.2 percent in 1981 to -6.8 percent this year. For those in the second quintile, the effective federal income tax rate has fallen from 11.3 percent to 0.9 percent. For all families, the rate has declined from 12.6 percent to 11.1 percent.

Thus we see that even for the wealthy, effective tax rates are down from their peaks, although they have risen lately. But more important from an economic (and perhaps psychological) point of view, marginal tax rates (the rate on each additional dollar earned) are down very sharply. In 1981, the

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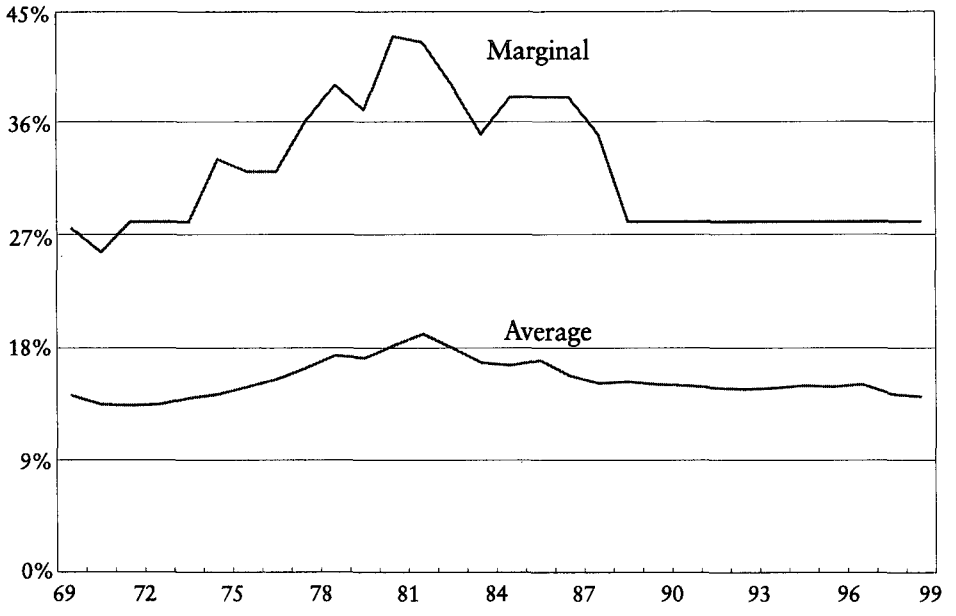
FIGURE 4

Average and Marginal Income Tax Rates for a Family of Four with Twice Median Income



Source: Treasury Department

top federal income tax rate was 70 percent (50 percent on labor income). Today it is 39.6 percent (42.5 percent on labor income). Although this is up from the 28 percent top rate that existed from 1987 to 1991, marginal rates are still significantly below their peak even for those with the highest incomes.

Another indication of how marginal tax rates have fallen is that in 1980, only 9.2 percent of taxpayers faced a marginal tax rate of 16 percent or less; in 1995, 71.9 percent of taxpayers were in the 15 percent bracket, the lowest marginal tax rate. In 1980, 24.7 percent of taxpayers faced a marginal rate of more than 28 percent; by 1995, this figure had fallen to 4.2 percent.

Figure 4 illustrates the impact of changing marginal and effective tax rates on a family of four with twice the median income (about $110,000 this year). In 1981, such a family had an effective federal income tax rate of 19.11 percent and a marginal tax rate of 42.46 percent. According to the Treasury Department, this year that family's effective rate is down to 14.11 percent and its marginal rate is 28 percent. The decline in the effective rate is much less when higher Social Security taxes are included, but because the payroll tax (except for the Medicare tax) cuts off at an income of $72,600 for each earner, its inclusion has only a small impact on marginal rates.

Finally, it is important to note that more of the tax burden today is borne

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by consumption and labor income, rather than more economically sensitive capital income. The top capital gains tax rate, for example, is just 20 percent today versus 49 percent from 1969 to 1978, and 28 percent from 1978 to 1981 and 1987 to 1997. Furthermore, inflation is far lower today than it was in the late 1970s and early 1980s, when the rate of consumer price increases reached double digits. Inflation has an extremely adverse impact on capital gains because taxes apply to nominal gains. Thus, real effective tax rates on capital gains can easily exceed 100 percent during periods of high inflation.

In conclusion, it may be that while the total burden of taxation has grown sharply, its impact is little felt by most taxpayers. As more of the burden is carried by those with upper incomes, average and even above average earners have seen declines in both their average and marginal tax rates. Although average rates and marginal rates for the wealthy have risen of late, top earners are still substantially better off on both scores than they were in the late 1970s and early 1980s. Thus it may be that the tax structure has changed so as to make the current level of aggregate taxation more bearable, thereby diminishing pressure for tax reduction.

Budget surplus as tax cut equivalent?

One of the reasons Republicans have had difficulty getting traction on tax and budget issues is because they have failed to update either their rhetoric or their economic model to account for an era of budget surpluses. If they are to make progress, they must do both.

At the rhetorical level, Republicans are prisoners of an unfortunate decision made long ago to paint deficits as unmitigated economic evils. The truth is that vast amounts of economic research have failed to show any consistent relationship between budget deficits and inflation, interest rates or economic growth. What really matters is the overall size of government. Big government generally is bad for growth. Inflation and interest rates, on the other hand, are almost entirely functions of Federal Reserve policy, which operates independently of fiscal policy.

Explaining why big government is bad, however, proved to be too difficult for Republicans. It was much easier to attack budget deficits, because people instinctively view them as bad. For many years, it mattered little that Republicans were attacking the wrong target. That is because deficits and big government tended to grow together. And indeed, insofar as people think that programs paid for with deficits cost nothing in terms of higher taxes, they may view such programs as costless. Hence, deficit spending may encourage growth in government.

A major challenge to this view was put forward in the 1970s by economist Robert Barro of Harvard. He postulated that people really are not fooled into thinking that programs paid for with deficits are costless.

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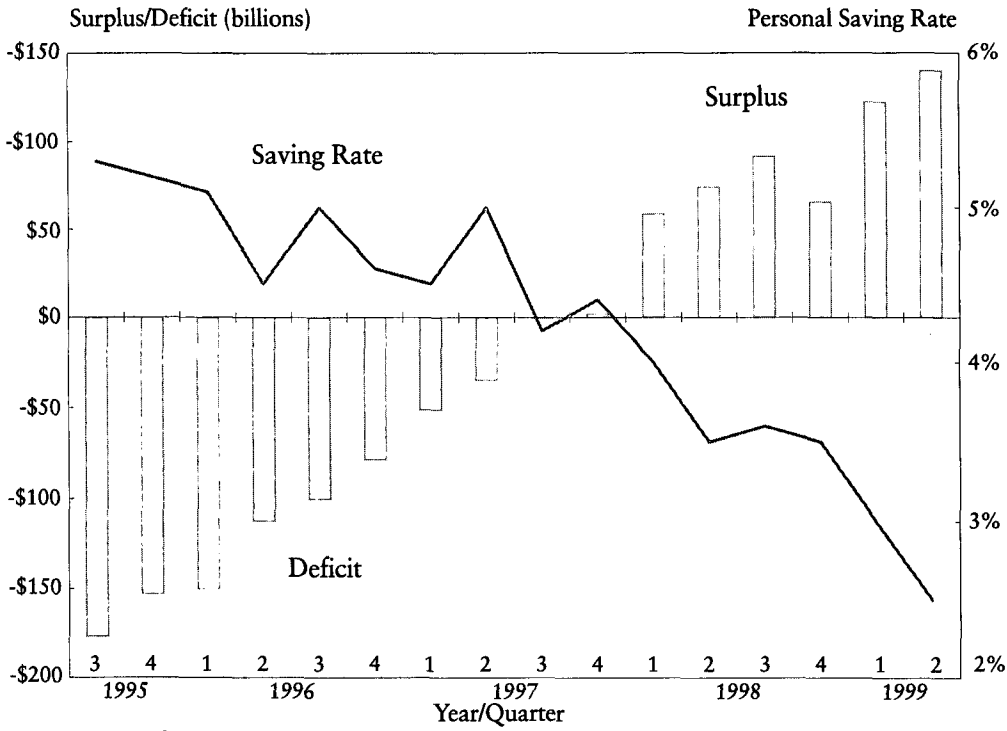
FIGURE 5

Saving Rate and Budget Surplus/Deficit



Note: Quarterly data are at annual rates. *Source: Department of Commerce*

Instead, they view deficits as deferred taxes, reacting exactly as they would if the new programs were financed with higher taxes instead of government bonds. Barro called this theory the Ricardian equivalence theorem, after the great economist David Ricardo, who first suggested the idea.

Ricardian equivalence is still controversial among economists, but it can be tested. For example, if you believe that taxes will be higher in the future than today, then you will tend to reduce your consumption and increase your saving now in order to pay that bill when it comes due. Thus we observe that higher deficits are often associated with higher private saving. It also explains why deficits do not appear to be stimulative, as Keynesian economic theory supposes.

Interestingly, almost all analysis of Ricardian equivalence has been under conditions of budget deficits; very few have dealt with surpluses. But if the theorem holds at all, we should expect the opposite effects under surpluses. This means that people implicitly view surpluses as de facto tax cuts. That must be the case if they view deficits as equivalent to taxes. And it also means that people will tend to reduce their savings and increase their consumption — under Ricardian equivalence, the opposite of what deficits produce.

In fact, as Figure 5 shows, we now see people acting precisely in accordance with the predictions of Ricardian equivalence. The personal savings rate has collapsed to historically low rates. Meanwhile, consumers are

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spending like there is no tomorrow, and economic growth is exceeding all expectations. Furthermore, Ricardian equivalence explains why taxpayers seem so lukewarm to the idea of a tax cut and why the notion of paying down the national debt is popular. If Ricardian equivalence holds, then paying down the debt is exactly the same as getting a tax cut.

Polls support this hypothesis. Many polls show paying down the national debt to be growing in popularity. A February Associated Press poll found 49 percent of respondents favoring a tax cut and 35 percent wanting debt reduction. An ABC News poll in July found 19 percent of Americans saying that the top priority for the budget surplus should be debt reduction, versus 22 percent favoring a tax cut. Another July poll by Hart/Teeter found 51 percent of Republicans more likely to support a presidential candidate whose first priority was paying down debt, with 42 percent supporting a candidate who would cut taxes.

An August 1999 ABC News/*Washington Post* poll found greater support for debt reduction over tax cuts by a 24 percent to 20 percent margin in one question and 19 percent to 14 percent in another. In September, an NBC News/*Wall Street Journal* poll found 25 percent preferring debt reduction, 20 percent cutting taxes.

It is ironic that for so many years efforts to cut taxes were thwarted by the existence of large budget deficits, but now that we have budget surpluses the prospects for tax cuts have not improved. Whether voters are reacting to Ricardian equivalence, it is clear that surpluses are a major barrier to tax reduction efforts. It may be — a further irony — that the federal government must return to deficits, perhaps as the result of a recession, before the prospects for tax reduction will improve. After all, the Reagan tax cut of 1981, one of the largest in U.S. history, took place at a time when the budget was in deficit.

Voter distrust

If there are some compelling economic explanations for reduced support for tax cuts, there are political reasons as well. One may be that taxpayers simply do not believe they will get a tax cut. Politicians are widely viewed as willing to say anything to get a vote, including promising tax cuts, but unwilling to deliver once elected. Voters may also feel that even if a tax cut is enacted, it probably would not benefit them personally.

On the first point, a Fox News/Opinion Dynamics poll in March asked registered voters if they believed politicians who promise to lower tax rates. An overwhelming 87 percent said no, with just 9 percent saying yes. This result may be due to George Bush's 1988 promise not to raise taxes, which he violated in the 1990 budget deal. Voters may also remember Bill Clinton's 1992 promise of a middle class tax cut, which became a tax increase the following year.

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On the second point, the same poll asked people whether they thought they would benefit from "targeted tax cuts." Only 18 percent thought they would benefit; 62 percent said someone else would gain. This perspective may result from the experience of the 1997 tax cut. The vast bulk of the tax reduction in this legislation was a $500 child credit, which by definition yielded no benefits to anyone without young children. Benefits were further limited by income tests that phased out the credit for families with high incomes — which also created high de facto marginal tax rates across some income ranges.

If these points are valid, it suggests that politicians favoring tax cuts must find a better way of ensuring that their promises will be kept, or at least that they will make the greatest possible effort to keep them. It also suggests that broad-based tax cuts are better politically than the targeted approach of both Republican and Democratic tax reduction efforts in the 1990s.

Waiting for a better case

WHILE THERE IS NO QUESTION that support for tax reduction has declined since the 1980s, it would be wrong to conclude that opinion has shifted in favor of high taxes. Polls are clear that people still think taxes are too high. For example:

- A CNN/Gallup/*USA Today* poll in July asked people if they thought their federal income taxes were too high. Sixty percent said yes, 37 percent said about right, and none said they were too low.
- A Zogby poll in August asked likely voters a similar question. The answer was the same. Sixty percent of respondents said their taxes were too high and 37 percent said they were about right.

Reinforcing this point are poll data showing doubts people have about the value they are receiving from government for their tax dollars. A May 1999 poll by the Council for Excellence in Government asked people if they thought they were paying too much in taxes for what they get from government. Forty-six percent agreed strongly. Only 19 percent felt strongly that they got their money's worth from their taxes.

Furthermore, support for fundamental tax reform, such as the flat tax, remains high and there is strong support for specific tax cuts, such as eliminating the marriage penalty. Consider:

- A Harris poll in March asked people if they favored radical tax reform or the status quo. Forty-four percent said they favored a completely different tax system, 31 percent favored moderate changes, and only 21 percent supported the status quo. The same poll asked people if they would favor a flat tax in which everyone

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paid the same tax rate above some minimum. Sixty percent favored such a system and only 35 percent opposed it.

- An April poll by Reuters/Zogby found 74 percent of likely voters agreeing with the need for a 10 percent across-the-board tax cut and only 25 percent disagreeing. The same poll found 60 percent supporting a flat tax and only 31 percent against.
- An August poll by Wirthlin Worldwide listed all of the key provisions of the congressional tax bill and asked registered voters if they supported such a tax cut. Thirty-nine percent strongly supported it, 29 percent somewhat supported it, 14 percent somewhat opposed it, and only 17 percent strongly opposed it. The same poll asked specifically about eliminating the marriage penalty and the estate tax. Seventy-nine percent either strongly or somewhat favored abolition of the former and 70 percent favored getting rid of the latter.
- A September poll by Market Strategies asked people about several specific tax proposals. Seventy-two percent favored expanding Individual Retirement Accounts, 64 percent favored a 1 percent cut in each income tax rate, 62 percent said they favored abolition of the estate tax, 61 percent supported a cut in the capital gains tax, and 57 percent said elimination of the marriage penalty was needed. (These are, of course, all of the major provisions of the tax bill that passed Congress in August and was vetoed by President Clinton.)

This analysis suggests that supporters of tax cuts need to be more sophisticated than they have been. They cannot just declare their support for tax cuts and expect hungry voters to react as if they are being thrown red meat. Voters have been burned by too many false promises, are generally more contented as the result of tax changes made in the 1980s that are still in effect, and want greater specificity in terms of exactly how taxes will be cut and who will benefit. Tax cuts that are too narrowly targeted leave too many taxpayers out of luck. Tax cuts that benefit broad classes of taxpayers appear to be more popular.

While the tax revolt may have gone into hibernation, it would be a gross error to think that people have swung in the opposite direction and now favor high taxes because they like big government. If one adds support for tax cuts to support for debt reduction, the resulting percentage dwarfs that for expanding government programs — even those with the greatest public support, such as education.

Currently, there is no reservoir of voter sentiment in favor of tax cuts — something politicians can simply tap into by proposing cuts. But there is no indication that the subject is permanently closed for people, either. Circumstances may change, or the effectiveness of the case politicians make for tax cuts may improve. The latter, however, must begin with an understanding of the economic and political forces that may be shaping people's current attitudes.

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Reagan Among the Professors

His Surprising Reputation

By PAUL KENGOR

ASKED HOW HISTORY would remember him, Richard Nixon once said: "I think history will remember me fairly. But historians won't. Because most historians are on the left."

Likewise asked about his own presidency, Ronald Reagan, ever the optimist, replied: "I have no fears of that. . . . Whatever else history may say about me when I am gone, I hope it will record that I appealed to your best hopes, not your worst fears, to your confidence, rather than your doubts."

Yet of course — as Nixon understood — "history" is largely determined by those who write it. Put simply, bias matters. I have in mind here not journalists or popular biographers like the lately infamous Edmund Morris; their prejudices and peculiarities have been examined elsewhere, many times, and in considerable detail. Rather, my focus is on a different set of writers who are, in the long run, even more important to the historical reputation of any president — those in the academy, and in particular professors of history and political science. It is their verdict, and especially their emerging verdict on Ronald Reagan, that I wish to discuss.

There is no argument about the political biases of these people. Stanford's department of history, for example, has 22 Democrats but just two Republicans. Dartmouth's has 10 Democrats and zero Republicans. Incredibly, Cornell's has 29 Democrats and not a single Republican. Particularly impressive, and reflecting the sort of political diversity seen in

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Castro's Cuba and the ayatollah's theocracy, the University of Colorado, Boulder registers stupefying single-party numbers: In the departments of history, English, and philosophy, there are 68 Democrats but no Republicans. Of the 190 professors surveyed in the university's social sciences and humanities department, 184 are Democrats and six are Republicans. A nationwide poll from the early 1990s found 88 percent of "public affairs" faculty identifying themselves as liberal, with 12 percent claiming to be "middle of the road" and, remarkably, 0 percent opting for the conservative label.

Given such facts, conservatives in particular are right to fear that political bias will come to determine how the history of the Reagan years is written. It is therefore all the more surprising — it is indeed stunning — to see that Ronald Reagan, contrary to such entirely rational fears, is actually faring quite well among academics in the "learned journals," and in certain major academic books.

But first, the bad news

To be sure, not all the news is good. Recall, for example, that Reagan left office with a public-approval rating well over 60 percent. His only postwar competitor was President Eisenhower. Reagan carried 44 states in 1980 and 49 in 1984. Nothing like this popular verdict has translated, even now, into the personal verdict of most academics. That Reagan continues to be viewed unfavorably in surveys among historians and political scientists is easily shown. A 1994 poll among 481 historians, for instance, ranked him twenty-eighth out of 37 presidents in "greatness," placed in the "below average" group between Zachary Taylor and John Tyler. Aside from Nixon, these historians judged Reagan the worst president in six decades.

Reagan did slightly better in a highly influential poll conducted by Arthur M. Schlesinger Jr., published in the prestigious *Political Science Quarterly* in summer 1997, where he registered at the bottom end of the "average" category. The Schlesinger survey included 30 academic luminaries, plus two liberal politicians — Mario Cuomo and Paul Simon. Even so, Reagan actually received seven "near great" votes, far more than any other in the "average" category. This would have been enough to place him in the "high average" category, but he was sunk by 13 "below average" and four "failure" votes. He came in one spot below his one-term successor George Bush, two below Rutherford Hayes, four below Martin Van Buren, five below Bill Clinton, 11 below LBJ, and 13 beneath JFK. Both LBJ and JFK, by way of comparison, were deemed "high average" presidents. At least Reagan managed to beat out Jimmy Carter (albeit by .05 points). Not much of a showing.

Meanwhile, Reagan personally continues to get shabby treatment in undergraduate political science and history texts. This bias enters my own office numerous times each semester in the form of unsolicited just-off-the-

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press offerings. I personally put each such text through what I call "the Reagan Test": I go to the index of each, look up "Reagan," and read the pages. This is an effective method for rooting out biases.

Repeated trials of the Reagan Test illuminate the two main ways in which these texts dispose of his presidency: Either Reagan's accomplishments are downplayed (and he is at times personally vilified); or he is outright ignored. I always expect the first recourse — of which there are plenty of examples. But the second is surprising. It is especially salient among texts chronicling the end of the Cold War or 1980s foreign affairs. Typically, the author canonizes Gorbachev while slighting Reagan, as if he weren't even president. In such cases, there are scores of pages on Gorbachev, with merely a handful on his American contemporary.

Typically, the author canonizes Gorbachev while slighting Reagan.

To cite just one example, consider a 1997 text for undergraduates by Michael G. Roskin of Lycoming College in Williamsport, Pa. *The Rebirth of Eastern Europe* concerns the region's history, struggle under communism, 1980s tumult, and post-Cold War transition. Its subthemes are the Solidarity movement, the fall of the Berlin Wall, Charter 77. One would think it impossible not to underscore Reagan's role here, but no: The index lists one reference to the president in the entire book. This single citation declares "Reagan decided Gorbachev could be trusted," therefore ceasing his "harsh rhetoric about the 'evil empire.'" "Gorbachev," Roskin writes, "was calling off the Cold War." As in most undergraduate texts, Gorbachev is given the credit. The text has a full chapter called, "1989: The Gorbachev Factor," piled on top of multiple added references to the man — that is to say, Gorbachev — who apparently bestrode our times as a world-historical Colossus. Reagan be damned.

The Roskin book is published by the respected house Prentice-Hall. It is attractively put together, brief in length, and inexpensive. It is destined to sell.

As an indication of just how misshapen the textbook accounts often are, consider this: I, myself, used the Roskin book as supplemental reading for a course. I figured that a book on 1980s Eastern Europe that ignored the American president was better than one that twisted him out of all recognition.

Why the good news matters more

NEVERTHELESS, in more important academic areas, the treatment of Reagan has been far better than most people would imagine in light of established biases. For whereas the survey data and undergraduate texts are disheartening, individual journal articles

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by leading academics — including, of course, liberal academics — have been surprisingly fair and increasingly positive, as have a handful of highly influential books by the very best presidential scholars and historians.

Let us consider the journal articles first. This trend is all the more significant because these articles carry far more weight than surveys or textbooks. Surveys are ephemeral, and no serious scholar cites undergraduate textbooks in his research. But professors diligently read the journals, commit articles to memory, discuss them at conferences, and cite them in graduate seminars. This cycle continues for graduate students who go on to teach. Thus the journal articles, unlike surveys or textbooks, endure.

One significant place where Reagan's legacy is being given a fair shake is *Presidential Studies Quarterly*, the leading academic journal on the presidency. It is a non-partisan, "interdisciplinary" journal, meaning that it publishes articles on the presidency from political scientists, historians, experts in rhetoric and communications, and social scientists of all stripes. In other words, it is exactly the sort of place where one would expect political bias to color scholarship on Reagan's presidency — and one would be wrong.

One significant place where Reagan's legacy is being given a fair shake is Presidential Studies Quarterly, *the leading academic journal on the presidency.*

For instance, Andrew E. Busch of the University of Denver wrote a summer 1997 piece for *Presidential Studies Quarterly* significantly titled "Ronald Reagan and the Defeat of the Soviet Empire." Its thesis, as it appears in the opening paragraph: "Far from being accidental or, conversely, inevitable, this foreign policy triumph [the end of the Cold War] arguably resulted from a coherent strategic vision forged and implemented by American policy makers against much opposition and great odds; a triumph of the West, and a triumph for the foreign policy of Ronald Reagan." In the course of this article, Busch also argues that: 1) most of "the claims and predictions of Reagan's critics throughout the 1980s . . . were flatly wrong"; 2) "only a handful of American [presidential] administrations could plausibly claim to have achieved or left in their wake foreign policy successes that match these [Reagan's]"; 3) "If Gorbachev allowed peace, Reagan led to Gorbachev by fundamentally changing the international situation that the Soviet leadership faced"; and 4) "In the final analysis, if Communism's fall required translators, Ronald Reagan was the Great Translator."

In that same issue, Douglas J. Hoekstra, a professor at James Madison College, and a well-known presidential scholar, published a serious, non-partisan, non-negative account of Reagan's "belief system" and decision

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making. Ditto for an article on Reagan's belief system by Charles A. Hantz in the fall 1996 issue of the same quarterly. Ditto, again, for an insightful piece on Reagan's political skills and leadership in the summer 1996 edition by John W. Sloan, professor of political science at the University of Houston. While these three pieces are hardly pro-Reagan polemics, they are fair and not hostile. Perhaps even more surprising, Dinesh D'Souza's glowing book on Reagan was reviewed equally glowingly in the spring 1998 issue of the quarterly, with reviewer Robert Previdi going so far as to opine that "This book is good for the soul because it does justice to a great president who succeeded because he represented the essence of America" and that "Reagan's opponents have taken their shots; it is time to consider the other side." Previdi, incidentally, is a member of the highly mainstream National Advisory Council of the Center for the Study of the Presidency.

While these three pieces are hardly pro-Reagan polemics, they are fair and not hostile.

A similar spirit appears to be loose in other academic journals. As early as 1989, for example, the *Journal of American Studies* published a complimentary piece on Reagan by the respected academic David Mervin titled "Ronald Reagan's Place in History." Similarly, the May/June issue of *Public Administration Review* included an eye-opening account by Shirley Anne Warshaw of Gettysburg College of the domestic policy making process in the Reagan White House, a piece detailing how ideological consistency was shrewdly ensured throughout Reagan's administration.

Now consider the highly significant case of *Political Science Quarterly* (PSQ), which generally speaking vies with the *American Political Science Review* for the title of best all-around political science journal. PSQ is the oldest journal in the field, dating back to 1886, and has published such classics as Woodrow Wilson's 1887 "The Study of Administration" (credited with spawning an entire subfield of political science — public administration). The names on PSQ's editorial board read like a who's who of the best in political science, including Robert Jervis, Arthur M. Schlesinger Jr., Everett Carll Ladd Jr., Robert Art, Theodore Lowi, Richard M. Pious, Nelson Polsby, Robert Shapiro, and so on. It is also important to note that PSQ seems to have one of the more rigorous review processes among journals, meaning that anything appearing in its pages has been vetted thoroughly by layers of academics.

From 1991 to 1998, PSQ published four major articles relating to Reagan. One of these, a 1997 examination by James M. Scott titled "Interbranch Rivalry and the Reagan Doctrine in Nicaragua," examines the policy-making process and relationship between the executive and legislative branches during the attempt to arm the contras in the 1980s. This piece is non-ideological and bears little on the question of Reagan's legacy.

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The other three pieces are a different matter, and offer interesting evidence both of the growing tendency to treat Reagan positively and of the lingering academic animus toward him. Begin with Bruce Jentleson's "The Reagan Administration and Coercive Diplomacy" in the spring 1991 issue. Jentleson is an associate professor of political science at the University of California, Davis. His piece begins with a nuanced understanding of what drove the administration's foreign policy:

> One of the highest priorities Ronald Reagan and his foreign policy team had when they came to office in 1981 was to break the United States out of what they considered its "Vietnam trauma" aversion to the use of military force as an instrument in foreign policy. It wasn't so much that the Reagan administration wanted to engage in new wars as that it believed in the utility of limited military force as an integral part of a coercive diplomacy strategy for bringing political pressure to bear on America's adversaries.

To appreciate just how judicious this is, recall that the author is speaking to a substantial segment of readers who actually believed throughout the 1980s that Reagan was a warmonger, possibly a deluded one, with no strategic plan whatsoever.

Jentleson goes on to argue, first, that the Reagan administration was successful in forcing Soviet troops out of Afghanistan, containing Iran in the Persian Gulf, and limiting Qaddafi's sponsorship of terrorism; and, less charitably, that the administration was not successful in bringing the mujahideen to power in Afghanistan, the contras to power in Nicaragua (he attributes this failure to factors unrelated to Reagan), ending the civil war in Lebanon, or removing Qaddafi from power. He observes that in the matter of Afghanistan, "the Reagan administration had a genuine claim to a substantial share of the credit for the restraint/reversal in Soviet policy."

Let's be clear about what's happening here: A serious academic, in one of the top two political science journals in America, is giving a large share of credit to the Reagan administration for ending the Soviet war in Afghanistan. Unexpected, yes, but decidedly the case.

Even more impressive is a significant piece by political scientist Beth A. Fischer of the University of Toronto published in the fall 1997 issue of PSQ. Fischer's article is about Reagan, the Soviets, and the end of the Cold War. Her aim is to determine which side's leader was most responsible for the subsequent thawing of U.S.-Soviet relations that took hold by 1989. More specifically, she wants to determine the source (person, time, and place) of the start of the thaw.

In this choice between Reagan and Gorbachev, Fischer chooses Reagan — unequivocally. In particular, she chooses his January 16, 1984 address from the White House. This event, she notes, took place 15 months before the start of Gorbachev's premiership. She documents that it was Reagan who first softened the Cold War rhetoric, urged peaceful relations, and extended

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an olive branch. Fischer's thesis is proven via numerous quotes and statements as well as a "content analysis" that measures the percentage of lines in Reagan's address dedicated to notions like U.S.-Soviet "common interests," "need for cooperation," "need for dialogue," and so on. Conservatives may want to brace themselves for her conclusions. She writes:

> In January 1984, fifteen months before Mikhail Gorbachev became leader of the USSR, the Reagan administration dramatically shifted course and began seeking a rapprochement with Moscow. . . . This new conciliatory policy led directly to the Geneva Summit meeting in November 1985 . . . . This argument . . . directly contradicts prevailing views regarding the end of the cold war. Conventional wisdom holds that the Reagan administration became more conciliatory only in response to changes within the Soviet Union. . . . [But] the Reagan administration did not simply play a passive, reactive role; it took the first steps toward defusing superpower hostilities even before Moscow showed signs of change. Mikhail Gorbachev took the ball and ran with it, but it was Ronald Reagan who had put the ball in play.

Of course one can quibble with this interpretation. But what's relevant for our purposes is that Fischer's piece credits Reagan rather than Gorbachev for beginning the end of the Cold War — and that such a piece was published in so celebrated a journal.

Of course, not all is complimentary for Reagan in the pages of PSQ. A fall 1991 article by the respected scholar Richard M. Pious of Barnard College is unflattering and condescending toward Reagan's intelligence. This is largely because the piece is a review essay of some of the nastier journalistic "biographical/historical" books on Reagan, like Haynes Johnson's *Sleepwalking Through History* and Lou Cannon's *Role of a Lifetime*. Usually, academics are disrespectful of works by journalists who are not actual historians or political scientists. But Pious seems to like these two works. This essay contains the sort of snide characterizations that conservatives pessimistically expect to see in academe, in particular the hammering of Reagan for his supposed "lack of intellect." Still and all, the scorecard for PSQ in the 1990s on the question of that president's legacy would appear to be one neutral vote, one negative, and two positive.

Just as significant, from an institutional point of view, is the matter of how these articles make it into academic journals. Each undergoes a rigorous review process. Once receiving a submission, the editor or managing editor — who is usually, as mentioned, of liberal political views — decides if the article should be rejected on the spot and sent back immediately or if it should proceed to step two, which means it is sent to reviewers. If the article reaches step two, it is circulated to at least two or three reviewers/"referees" in the field. These reviewers are academics at leading colleges, and nearly always of liberal bent. They are the gatekeepers who decide what goes in the journal and becomes, unfairly or not, a part of "history."

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Keeping this process in mind, the number of studies praising Reagan that have made it into print is even more remarkable. One more example is a piece of my own in the spring 1998 *Presidential Studies Quarterly*, "Comparing Presidents Reagan and Eisenhower." The thesis of this 27-page essay was that academics and the media have unfairly underestimated and castigated the two leaders. I argued Reagan should be credited with undermining communism and winning the Cold War, and that key policies affecting that monumental achievement were conceived by the president himself. None of this, tellingly, caused any reviewer to cry halt.

How Reagan is faring in books

FAVORABLE ASSESSMENTS of Reagan have also made their way into serious books by the very top presidential scholars, like Yale's Stephen Skowronek and Harvard's famous Richard Neustadt, perhaps the preeminent figure in that world. Both men's works have inspired entire books and doctoral dissertations by other scholars, and entire symposia at academic conferences have been dedicated to their writings. In fact, the most recent *Presidential Studies Quarterly* — the first under a new editorship — devotes a hefty portion to a discussion of Skowronek's ideas. When such scholars speak of a presidency, almost certainly what they say will make it into the drafts of history.

So what do they make of Reagan? In his classic book, *The Politics Presidents Make* — which won towering praise and numerous academic awards, including the cherished "Neustadt Prize" — Skowronek categorizes different presidents. Among his most favorable categories is that of his so-called "reconstructive leaders." This is an esteemed camp filled by a select few: Thomas Jefferson, Andrew Jackson, FDR, and . . . Ronald Reagan, whom Skowronek calls, among other things, "the most masterful politician in the presidency since Franklin Roosevelt."

Then there is Neustadt. He is certainly no right-winger. But whereas liberal historians like William Leuchtenberg are incensed by any comparison between Reagan and their own beloved FDR, the estimable Neustadt has no such problem. He writes in his classic *Presidential Power*:

> Reagan's links to Roosevelt were important for his Presidency in several ways, all interrelated. For one, Reagan's image of the office: FDR in 1933 had changed the country's consciousness of what its government should be and do. Reagan aspired to no less, if in the opposite direction. For another, take his popular appeal. The personality that in the first years of his second term had the highest Gallup Poll approval ratings ever recorded for such a time quite obviously contained as an ingredient the warmth, the human touch, the humor that in Roosevelt's day had become hallmarks of Democrats.

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> Americans of every class who moved toward the Republicans in 1980 or after could identify with Reagan: He had made that move himself. But more than this, he obviously was liked, he personally was liked, by people of the same sort as had once loved FDR — this at the same time that the Reagan stances in domestic and defense spheres drew to him the heirs of Roosevelt haters.

Neustadt goes on to write that Reagan's presidency achieved something that none of his seven predecessors could — it restored the public image of the office to a "fair (if perhaps rickety) approximation of its Rooseveltian mold: a place of popularity, influence, and initiative, a source of programmatic and symbolic leadership, both pacesetter and tonesetter, the nation's voice to both the world and us, and — like or hate the policies — a presence many of us loved to see as Chief of State."

Favorable assessments of Reagan have also made their way into serious books by the top presidential scholars.

In addition to such prestigious scholars, there is also the prestigious academic press. Perhaps the leading academic publisher of books on the presidency is the University Press of Kansas. It has just released a book called *The Reagan Effect: Economics and Presidential Leadership*, by John W. Sloan, the aforementioned political science professor from the University of Houston.

Sloan credits Reagan for "creating a policy regime that was capable of promoting long-term economic growth with low inflation." He says the malaise and stagflation of the 1970s were replaced in the 1980s with "an adaptive economy that generated millions of new jobs and discredited the thesis that the United States was a declining superpower." Sloan provides the first academic account I've seen that argues that the economic boom of the 1990s started with Reagan. He says outright that "Reagan's tax cuts for both individuals and corporations stimulated the prosperity that, except for a short, mild recession in 1990-91, has continued into the 1990s." Sloan also says that Reagan's economic policy, along with help from the Fed in curbing inflation, found a way to "prolong the growth phase of the business cycle." And while the book is primarily about economics, Sloan does praise Reagan's foreign policy role, notably in finishing the USSR, and, by extension, his general intelligence. He says, "Reagan was never the warmonger that liberals feared he was; indeed he was far more committed to peace and ending the threat of nuclear war than liberals could have imagined."

What makes all of this truly worth noting is that Sloan is clearly not a man of the right. He started his book with an apparent preconceived notion that Reagan's economic policies were doomed to fail. "I began this project with the working title *The Reagan Presidency: Political Success and*

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Economic Decline," he writes in the book's preface. "After revising my outline six times, I came up with the present title. . . . The change in title reflects the growing evidence that the Reagan presidency achieved both political and economic success."

Because Sloan's book is published by the redoubtable University Press of Kansas, it will no doubt be reviewed by all the major academic journals. Already, three respected academic reviewers have weighed in. Among these, Chester J. Pach Jr., author of *The Presidency of Dwight D. Eisenhower*, calls it "a meticulous, balanced, and revealing book about a controversial subject." James Pfiffner, a leading presidential scholar who has long served on the editorial board of *Presidential Studies Quarterly*, calls Sloan's book "an important contribution to political debate in the United States."

Nor is Sloan's the only example of a historical volume that labors to give Reagan credit. Though critical of Reagan in other areas, Boston University's Robert Dallek, the prominent liberal historian and expert on LBJ, lauds the president for his broad perspective on the nation's problems and future. He says Reagan was "brilliant at creating a kind of rapport with the country — appealing to its better angels, appealing to the native optimism that is so much a part of our culture and tradition." Just released is a 1999 edition of Dallek's 1984 book, *Ronald Reagan: The Politics of Symbolism*. As does Sloan, Dallek says "Reagan's policies deserve significant credit" for "the buoyant American economy of the 1980s and 1990s." He also salutes "Reagan's contribution to the successful end of the Cold War with the Soviet Union, a principal Reagan goal." While asserting that Reagan was not "the principal architect of Soviet defeat," he believes that Reagan "gave the final shove." He also praises the president's political and communication skills, the latter of which "did more to restore a measure of confidence in the institution of the presidency than anything since the Kennedy administration."

As in the academic journals, the account of Reagan now being hammered out in scholarly books will dramatically shape his legacy — and much of that hammering, at least so far, is to the good. More and more, academics appear to agree that — in the words of Samuel Kernell, a political science professor at the University of California, San Diego, who has written a book on presidential leadership called *Going Public* — Reagan's presidential performance "cast a long shadow, not unlike that of Franklin Roosevelt's, against which the performance of present and future presidents will be judged."

The blessing of Gaddis

PERHAPS MOST AMAZING of all, Reagan is now being granted substantial credit for the Cold War's end by no less an authority than John Lewis Gaddis.

Gaddis, recently at Oxford and now at Yale, is undoubtedly the leading

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historian of the Cold War. His works are required reading in college courses. In 1992 he produced another book destined to be a classic, *The United States and the End of the Cold War*. In the chapter titled "The Unexpected Ronald Reagan," Gaddis maintains that the president succeeded in "bringing about the most significant improvement in Soviet-American relations since the end of World War II." While Gaddis attributes much of the credit to Gorbachev's receptivity — often receptivity to Reagan's initiatives — he also asserts "it would be a mistake to credit him solely with the responsibility for what happened: Ronald Reagan deserves a great deal of the credit as well." And how exactly did Reagan exert a "decisive impact upon the course of events"? Gaddis cites the zero-zero option on intermediate-range nuclear missiles in Europe, real reductions in warheads under START, and intangibles like Reagan's toughness in negotiations and willingness to consider alternatives.

Gaddis gets to the core of Reagan's successful dealing with the Soviets.

Gaddis especially cites SDI, which he rightly calls "Reagan's most distinctive personal policy innovation." This description also speaks well of Reagan's personal role in the Cold War's end. In a footnote, Gaddis suggests that SDI was a contributing factor "to the rise of Gorbachev" — a potentially monumental assertion.

And Gaddis truly gets to the core of Reagan's successful dealing with the Soviets: He notes that the president was able, when necessary, to soften the hard line in favor of a mixed "militancy [and] a surprising degree of operational pragmatism." Gaddis realizes that Reagan both preached and practiced his strategy of "negotiation from strength." This explains, he shows, how and why Reagan would approve both covert and open military actions while simultaneously offering far-reaching accommodations to the Moscow leadership. After several years of this, in Gaddis's analysis, the Cold War ended — an outcome which, as he suggests in the book's preface, was unthinkable in the mid-1980s.

This conclusion has sent some Gaddis admirers into apoplexy. This includes noted liberal author Abraham Brumberg, who reviewed the book for the *Washington Post* in 1992. He seemed almost depressed that Gaddis would extend such "charity" to a man with such a "breath-takingly simple-minded view of the world" — a man who actually believed in "Edward Teller's disastrous crusade for Star Wars," that the USSR was an "empire of evil" (as Brumberg quotes Reagan), that the Kremlin wanted world revolution and a "one-world Socialist or Communist state," that there was a "communist menace," and that "trees are responsible for pollution."

Speaking of the evil empire, Gaddis also wrote in *Foreign Affairs* in 1994: "Now that they are free to speak — and act — the people of the former Soviet Union appear to have associated themselves more closely with

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President Reagan's famous indictment of that state as an 'evil empire' than with more balanced academic assessments." This comes from his well known and aptly titled "The Tragedy of Cold War History."

Actually, Gaddis had begun his move in this direction as early as 1988. He published a January 1989 piece called "Hanging Tough Paid Off" in the *Bulletin of the Atomic Scientists*. He said the Reagan administration correctly assessed the potential for Soviet concessions, which it happily got — thanks equally to Gorbachev. He credits Reagan with having done four things that led to Soviet cuts: 1) "rebuilding self-confidence"; 2) "spooking the Soviets"; 3) negotiating from strength; and 4) responding to Gorbachev. Gaddis asserted:

> The time has come to acknowledge an astonishing development: during his eight years as president, Ronald Reagan has presided over the most dramatic improvement in U.S.-Soviet relations — and the most solid progress in arms control — since the Cold War began.

Gaddis further urged his colleagues to put aside "preconceptions" in evaluating the Reagan record with the Soviet Union. Only a few weeks following Reagan's exit from office, Gaddis pleaded that "it would be uncharitable — and historically irresponsible — to begrudge the strategic vision of an administration once thought by many of us to have had none at all."

"The power of fixed objectives"

OTHER MAJOR HISTORIANS and scholars also offer isolated nuggets of praise for Reagan's execution of his office. David McCullough laments that "Reagan was so often underestimated. . . . As no president since FDR, he demonstrated the power of fixed objectives in combination with extraordinary charm."

Commenting on Reagan's unimpressive showing in Arthur Schlesinger's poll, Alonzo L. Hamby, the Ohio University historian and author of *A Man of the People: A Life of Harry S. Truman*, assures us: "When passions cool after a generation or so, Ronald Reagan will be widely accepted by historians as a near-great chief executive." Hamby believes the president "revived a sick economy," "established a policy course that won the Cold War," and "uplifted a depressed national spirit with his rhetoric."

Indeed, even Schlesinger says some good things about Reagan: "Reagan is the triumph of a man who earnestly believed in something. . . . [I]t was his time. I don't think it was a triumph of packaging; it was a triumph of commitment. . . . I think Reagan is proof of the power of conviction politics." (Don't expect much more than that from Schlesinger.)

In the delicate matter of Edmund Morris, who has (or at least, had) credibility with historians, it seems enough to note that he has gone on record saying that Reagan was a "great man and great president." In what is per-

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haps the most significant comment on Morris's *Dutch*, it did manage to suggest to at least one serious reader — namely, Jefferson biographer Joseph P. Ellis, who reviewed the book for the *Washington Post* — that the time is "ripe for a detached reappraisal of Reagan's place in the presidential pantheon." Ellis is no conservative, and writes that he found it personally impossible to vote for Reagan in the 1980s. Nonetheless, he is willing to call for a reappraisal.

In sum, and as we have seen at some length, Reagan's treatment by academics is far better than many people — especially many conservatives — might surmise it to be. Contrary to expectation, many articles in the top journals have been fair, as have a number of influential books. These works, including even some flattering assessments of Reagan, have come from respected historians, presidential scholars, and political scientists — people who were not Reagan supporters and are certainly not right-wingers.

Honesty and academic integrity seem to be forcing at least some people to rethink their views.

Part of the reason for this turn, it seems obvious, is that certain of Reagan's gifts are rising in stature with the passage of time. There is now near-consensus, for example, on the notion that Reagan was a great communicator with admirable political skills, whereas once he was derided as a mere actor. And, of course, there are also certain incontrovertible facts about the Reagan era. During his time in office, he passed major domestic initiatives, saw American prestige restored at home and abroad, watched an economy soar, and saw the Cold War enter its final days. As time passes, the idea that he did all this through "dumb luck" — an explanation with plenty of currency during his time in office — seems increasingly absurd. There is also, fortunately, a certain professional factor at work: Honesty and academic integrity seem to be forcing at least some people to rethink their views.

Whatever factor or combination of them works best, they leave us one irony the man himself would have appreciated. Castro, who so perfectly embodied all Reagan stood against, used to say that history would absolve him. Reagan won't have to worry about that. Historians are doing it for him.

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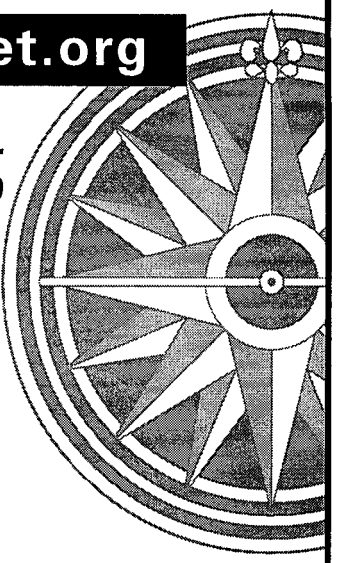

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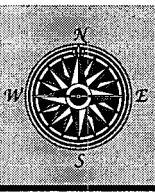

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Humanitarian Hawks?

Why Kosovo but not Kuwait

By ADAM WOLFSON

NOT TOO LONG AGO, a predominantly Muslim city-state of about 2 million was invaded by its more powerful neighbor to the north. The aggressor had some historical claims and ties to the small city-state, but the invasion clearly violated international law. And that was the least of it. The aggressor state to the north was ruled by a brutal tyrant who had already fomented several wars in the region. Moreover, his genocidal campaigns against religious and ethnic minorities, as well as his systematic use of torture, were well documented. The U.S. State Department had at one point listed the country among the worst human-rights abusers in the world, and the president of the United States had compared its leader to Hitler.

So how did liberals respond to this humanitarian crisis? Well, we all know the answer to that. Or do we? For the country in question is not Kosovo but Kuwait; and the tyrant is not Slobodan Milosevic but Saddam Hussein.

As it happened, liberals did not get especially hot under the collar about Iraq's inhumane treatment of Kuwait. The *New York Review of Books* ran several articles that in the main counseled a policy of restraint in dealing with Iraq. It even ran an article charging that the U.S.-backed economic boycott of Iraq, put in place immediately after the invasion of Kuwait, "violate[s] our reputation as a civilized people." The *New York Times* did not go so far as that. But in one editorial after another it called upon President Bush to moderate his rhetoric and his policies, accusing him of los-

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Adam Wolfson is executive editor of the Public Interest. *This essay is based on a lecture delivered at the Civitas Forum, the Center for Economic and Policy Education, Saint Vincent College, in October.*

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ing his patience and rushing America to war. "To grant that a war against Iraq would be just does not justify actually going to war," the editors admonished. "Even just wars must be measured by their costs and consequences. It depends." (After the war was over, the *New York Times* admitted that it had been wrong and Bush right.)

Such mainstream liberal columnists as Anthony Lewis and Anna Quindlen also registered their opposition to a war to free Kuwait. Lewis thundered: "George Bush is taking his country and the world into a tragedy of appalling dimensions." Quindlen told her readers that it was high time America got over its "messiah complex" and that the liberation of Kuwait was not worth the sacrifice of American lives.

Support for a war in the Gulf among liberal politicians was also almost nonexistent.

Support for a war in the Gulf among liberal politicians was also almost nonexistent. Leading Democrats in the Senate, including George Mitchell, Robert Byrd, and Sam Nunn, opposed giving Bush authorization to use force against Iraq. In registering their opposition to the war, many Democrats did not blush at using rhetoric redolent of old anti-Vietnam War rallies and sit-ins. "There seem to be people who are saying, 'Oh my God, we missed World War III. Maybe we can have it here,'" Sen. Daniel P. Moynihan said. Rep. Barbara Boxer declared: "It's not about egg on our face. It's about blood on our kids. Have you ever seen a body that is shot apart? Have you ever seen it up close? That's what it's about." Talk of body bags was on many a liberal Democrat's lips.

Moderates in the Democratic Party were hardly more supportive of a war to free Kuwait. Though Sen. Al Gore in the end voted for the resolution giving Bush authorization to use force, he did so reluctantly. Gov. Bill Clinton no doubt captured the feelings of many moderates when he said: "I would have voted with the majority [in favor of authorization], if it was a close vote, but I agreed with the arguments of the [anti-war] minority." In the end, of course, both houses of Congress authorized the president to use force, but as *Foreign Affairs* pointed out, "not since 1812 had so strong a vote against authorizing hostilities been cast in Congress." If the Democrats had had their way, there would have been no war and no rescue of Kuwait. In the Senate, Democrats voted against military action 45-10; in the House, 179-86.

This record of liberal pacifism and appeasement is especially surprising given that the fight to save Kuwait really did seem like the good liberal war. John O'Sullivan put it best in the Dec. 31, 1990 issue of *National Review*:

> If there was ever a copybook crisis offering every known liberal justification for American military intervention, it is the Gulf crisis. It features: a ruthless military dictator, the risks of nuclear proliferation, a

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> threat to peace in the region, the illegal annexation of a small state, the suppression of the human rights of its citizens with rape, torture, and murder, the repeated condemnation of these actions by the United Nations, a UN vote endorsing international "police action" against the aggressor, and the successful construction of a multinational alliance to implement the resolution. Every liberal condition of every liberal speech made on every United Nations Day for the last 45 years has been met.

Well, that was then. If there are any more anti-Vietnam War McGovernites in the Democratic Party, they are keeping quiet. The party backed almost without reservation the war to liberate Kosovo. It was this amazing reversal that led many conservatives to accuse liberals of gross hypocrisy — of being willing to follow a Democratic president to war but not a Republican president. Many critics contemptuously labeled the operation in Kosovo "Madeleine's war." The accusation of liberal hypocrisy falls wide of the mark, however. If anything, it is the charge of hypocrisy and growing isolationism on the right, leveled by Jacob Heilbrunn in the pages of the *New Republic* and Lawrence F. Kaplan in the pages of the *Wall Street Journal* and the *Weekly Standard*, that has merit. For some conservatives, hatred of Bill Clinton is so great that they would under no circumstances whatsoever march shoulder to shoulder with him to war. For others, the end of the Cold War has led to a creeping isolationism: Witness Patrick Buchanan.

If there are any more anti-Vietnam McGovernites in the Democratic Party, they are keeping quiet.

Conservative opposition to the war has been well-documented; why liberals enthusiastically supported the war in Kosovo remains less clear. They did so not simply because they will follow Clinton anywhere he leads them, though they certainly are a loyal bunch. Something more fundamental than party loyalty explains the willingness of liberals to fight in Kosovo but not Kuwait. There were, of course, many important differences between the two wars. But for liberals one difference loomed particularly large: Kuwait sits atop about 94 billion barrels of oil, 10 percent of the world's oil supply. By contrast, Kosovo is situated on a worthless, landlocked territory about the size of Connecticut. The war to liberate Kuwait was clearly in our economic and strategic interests. Respectable liberals, however, frown on motives of self-interest. Indeed, in the words of that dean of respectable liberalism, John Rawls, "a liberal society cannot justly require its citizens to fight in order to gain economic wealth or to acquire natural resources, much less to win power and empire."

When liberals considered a war to save Kosovo, it seemed clear to them that their motives were not riches or resources, power or empire. Michael

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Walzer put the fact plainly: "Obviously, U.S. national security is not at stake in Kosovo (nor is the security of any of the European nations)." Kosovo, unlike Kuwait, presented itself to liberals as a purely humanitarian cause. The left's advocacy of such a cause is riddled with difficulties and inconsistencies, but these problems only come to light if one first traces with some care the contours of their position. Only then will it become possible to see in addition what sort of precedent Kosovo sets for future wars of a similar kind, as well as the utopian cultural presuppositions that underlie humanitarian war. The critical question is this: Is purely humanitarian war politically feasible?

Interests and principles

LIBERAL ADVOCATES for the war can be divided into three general groups. The first backed, even celebrated, the war because it was fought for humanitarian reasons unsullied by interests. Vaclav Havel was perhaps the most prominent exponent of this view of the war. The second group invoked, in the traditional manner, both security interests and humanitarian principles. Not surprisingly, it was the statesmen — the president and his secretary of state — who used this formula to justify the war. (Though as we shall see, security interests played second fiddle to humanitarian ideals in their arguments.) The third group, most closely associated with the *New Republic*, attempted to show that, in cases of ethnic cleansing, there is no divide between interests and principles. To oppose ethnic cleansing, to fight for that principle at least, is to uphold our interests too.

The three groups formed a common front in their emphasis on the humanitarian rationale for the war. One might be tempted to doubt such a self-serving and self-aggrandizing explanation. And indeed some on the left, principally those associated with the *Nation* magazine, did accuse liberal supporters of the war of secretly wanting not so much to end human suffering as to extend Pax Americana. Liberal supporters of the war were perhaps a bit too self-congratulatory; but it's hard to deny that this was a war with a difference, a war with no other purpose than the rescue of human life. If their good intentions are beyond suspicion, however, their policies are not; for the expulsion of nearly the entire ethnic Albanian population, which ended in the slaughter of 10,000 Kosovars, took place not before but after NATO had begun its air campaign against Serbia.

It was Havel who most fully developed, at least at the level of theory, the humanitarian case for the war in Kosovo. In an April 29 address to the Canadian parliament, later published in the *New York Review of Books*, Havel announced the death of the nation-state and the birth of a "new world." It is a world, he explained, in which people are brought closer together by the forces of commerce and the information revolution; a world

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in which, as a result of "the enormous advances in science and technology, our individual destinies are merging into a single destiny." And so, he prophesied, the nation-state, if it does not exactly wither away, does lose its spiritual significance. The emotional fulfillment that humans once found in loyalty to the state, in patriotism, devolves downward to smaller units like communities and companies and upwards towards transnational organizations like the United Nations. Havel envisions a big role for the United Nations: "We must ensure that all the citizens of the world see the UN as *their* organization, an organization that truly belongs to them, and not as an elite club of governments." How such allegiance might be cultivated in an age when many American citizens feel alienated from the U.S. government — never mind the United Nations — Havel does not explain. If it is true that the ultimate source for some of Havel's reflections might be found in Kant's philosophy, one would do well to recall Kant's warning, unheeded by Havel, that "laws invariably lose their impact with the expansion of their domain of governance," not to mention Kant's rejection of the universal state.

But Havel does not rely on commerce and technology alone to bring into being his hoped-for "global civil society." Something more is needed, he recognizes, namely that countries abandon "the category of 'national interests.'" Even to uphold principles in the name of the national interest is wrong, says Havel, for "principles must be honored and upheld in and for themselves, on principle, as it were. Only then can our interests be derived from them." Thus Havel welcomed the war in Kosovo as a great watershed:

> This is probably the first war that has not been waged in the name of "national interests," but rather in the name of principles and values. If one can say of any war that it is ethical, or that it is being waged for ethical reasons, then it is true of this war. Kosovo has no oil fields to be coveted; no member nation in the alliance has any territorial demands on Kosovo; Milosevic does not threaten the territorial integrity of any member of the alliance. And yet the alliance is at war.

Most liberals shared Havel's understanding of the war as a humanitarian war. David Callahan, in the pages of the *Washington Monthly*, wrote that "the intervention in Kosovo has been a war like no other in U.S. history" and hailed "the new humanitarianism" that was behind it. The *New York Times*, in its June 17 editorial, also noted that something new had occurred, explicitly contrasting Kosovo with Kuwait:

> This was the first military conflict since the end of the cold war fought primarily for humanitarian purposes. It probably will not be the last. Washington went to war in the Persian Gulf eight years ago because Iraqi aggression threatened America's economic welfare. The threat in Kosovo was different. . . . the immediate hazard in Kosovo was a demonic assault on the principles of a civilized society.

Of course, we were fighting a demonic tyrant who practiced ethnic

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cleansing and other barbarities in Kuwait too. And in the case of both Kuwait and Kosovo, we were fighting for the autonomy of a nation that was not friendly toward our values. Kuwait was a monarchy known for its vicious anti-Americanism and anti-Semitism. It's not clear that Kosovo's future leaders will be much better. According to Chris Hedges, the *New York Times*'s Balkan bureau chief from 1995 to 1998, the Kosovo Liberation Army (KLA) is a bizarre amalgam of fascist and communist elements with ties to radical Muslim groups. Since the liberation of Kosovo, the newspapers have been filled with stories of KLA-directed violence against Kosovo's Serbian population and gypsies, most of whom have now fled the region, as well as intimidation of Kosovo's ethnic Albanians. We fought a war against ethnic cleansing, only to allow the KLA to cleanse Kosovo of almost the entire Serbian minority living there. No matter. Since our fight for Kosovo, unlike for Kuwait, was not tainted by self-interest, it was a "good war."

If the war had nothing to do with the U.S. national interest, one could hardly accuse opponents of lack of patriotism.

Not all liberals were won over by Havel's arguments. In some instances, the objections were serious, in others comical. Anthony Lewis, in his column of May 29, favorably cited Havel's address, agreeing with him that the war in Kosovo was a historical first insofar as it was fought not in the name of the national interest but humanitarian ideals. In a subsequent column, however, he excoriated House Republicans for not supporting the war, calling them "the disloyal opposition." But disloyal to what? If the war had nothing to do with the U.S. national interest, as the humanitarians claimed, one could hardly accuse opponents of lack of loyalty or patriotism. The most Anthony Lewis could have accused them of was lack of altruism. Old habits die hard, however. Until Havel's "new world" arrives, traditional appeals to patriotism and interests will apparently still have their place, even for cosmopolitans like Anthony Lewis. Such are the contradictions of humanitarian war.

Why take a stand in Kosovo?

CERTAINLY, STATESMEN could not easily abandon the old rhetoric of national interests. When the NATO bombing of Serbia began, Clinton and Albright were surprisingly inarticulate about what we were fighting for. It was almost as though they had stumbled into the war, as they most surely did, and were frantically grasping for traditional security rationales. In an April 21 statement before the House International Relations Committee, Albright attempted to sell Kosovo as "the critical

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missing piece in the puzzle of a Europe whole and free." She reminded members of Congress that this was where World War I began, where many World War II battles were fought, where the Western and Orthodox branches of Christianity and the Islamic world meet, where small new democracies were struggling for their survival, where our allies Greece, Turkey, Hungary, Poland, and the Czech Republic all had vital security concerns, and where terrible crimes were being committed. We fight, she grandly concluded, "for all of these reasons." Clinton too, in his early speeches, took this path, arguing that unrest in the Balkans threatened U.S. economic and strategic interests as well as its values.

But perhaps because what was happening in Kosovo clearly did not affect America's material interests, or perhaps because they realized that the time was ripe for a paradigm shift, Clinton and Albright generally concentrated on the humanitarian reasons for fighting in Kosovo. True, they still invoked, in the secretary of state's words, our "interests and values," but "our interests," it seemed, were mentioned more as an afterthought. On occasion, it was as though Clinton and Albright had a rhetorical hangover from an earlier era of foreign policy making. They spoke of interests but meant humanitarian values. "Do our interests in Kosovo justify the dangers to our Armed Forces?" asked Clinton March 24. Well yes, he replied, but immediately returned to discussing the humanitarian aspects of the war. As for interests proper, they were all somewhat hypothetical — preserving NATO's credibility and Europe's economy, and avoiding a costlier war in the future. The heart of the matter for Clinton was, as he repeatedly stated, that genocide had occurred "in the heart of Europe" in 1945 and 1995 and must not be allowed to happen again. For him, the real question was not about interests per se but how to describe the values that were being tested in Kosovo.

Clinton and Albright generally concentrated on the humanitarian reasons for fighting in Kosovo.

In one sense, what was at stake was so obvious, and rightly so, that it hardly required reflection or explanation (however, it should be mentioned for clarity's sake that the crimes in Kosovo, though horrendous, did not rise to the level of genocide and the worst atrocities began after, not before, the NATO bombing began). As Clinton was to put it on April 2: We stand "against the unspeakable brutality in Kosovo." And as Albright was to say early on, "we are confronting an outrage we cannot accept," and somewhat later, "Our unity has been strengthened . . . by revulsion at his campaign of ethnic cleansing." The unspeakable need not be spoken, and outrage and revulsion are the only appropriate reactions to ethnic cleansing. Only fools and moral idiots ask why such things are wrong.

But we feel revulsion for many things, and many revolting things happen

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in the world, and so the president was still faced by the question: Why take a stand in Kosovo? It was a question he frequently ducked, though he did on one occasion offer the following: "There is a huge difference between people who can't resolve their problems peacefully and fight about it and people who resort to systematic ethnic cleansing and slaughter of people because of their religious or ethnic background." The former we can apparently let happen; the latter, because it is uniquely evil, we must stop. In a June 10 interview, Albright made a similar point: When we fought against Hitler, it was not just a fight against him but also a fight against fascism; similarly, our fight against Serbia is not only against Milosevic but also against, as she put it, the "concept" of ethnic nationalism. The war in Kosovo was apparently motivated not simply by revulsion against unspeakable acts; it was not mere altruism. It was apparently part of a larger struggle against an illiberal political "concept."

They fought the war as if they did not really believe in their own humanitarian ideals.

As an aside, it is interesting to note that it was the conservative *Weekly Standard* that most thoroughly developed this line of argument — though in a direction that would not have satisfied liberal humanitarians like Albright, Clinton, or Havel. In his article, "Wars of Hatred and the Hatred of War," Charles H. Fairbanks Jr. agreed with Albright that a concept was at stake in Kosovo — but not the one she had in mind. According to him, ethnic cleansing goes hand in hand with democratic progress and modernity — it is, he argued, "a manifestation of what may be deepest in us modern men and women." In modern societies, where the ideas of equality and relativism have had their greatest impact, Fairbanks argued, men no longer have theories available to them to justify rule of one group over another, or even a justification for assimilating a minority into the dominant culture. In place of ruling over others, such modern men turn to ethnic cleansing. To fight this modern concept, Fairbanks argued, we must go to war in Kosovo. But he distinguished Kosovo from the truly horrific and gargantuan genocide that occurred in Rwanda in 1994. The latter was merely an "extreme" instance of what frequently happens in premodern societies: "An ethnic group uses political institutions to secure a disproportionate share of the offices and wealth," Fairbanks explained, and "uses the powers of the state to quell the inevitable discontent among other ethnic groups, killing people where necessary." Where the concept of modern genocide is not at stake, we need not necessarily intervene, he implied.

One might question whether Fairbanks has successfully distinguished Kosovo (where he wanted to fight) from Rwanda (where he did not), since the massive killing in the latter country went far beyond what was "necessary" (to use his word) for the Hutus to establish their ethnic rule. By his

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own definition, there was apparently at least something modern about that slaughter. Besides, his was not an argument the liberal humanitarians would accept, since it too closely resembled fighting for our (ideological) interests. The liberal humanitarians, as Clinton was to declare at the conclusion of the Kosovo campaign, were ready to fight wherever human life was threatened on a large scale: "We . . . say to the people of the world, whether you live in Africa, or Central Europe or any other place: If somebody comes after innocent civilians and tries to kill them en masse because of their race, their ethnic background or their religion, and it's within our power to stop it, we will stop it."

"Realism" as the obstacle

THE THIRD GROUP of liberal humanitarians made the most effective case for the Kosovo war — most effective in that they did not, at least on the surface, reject patriotism. The group included mainly writers associated with the *New Republic*, foremost among them the magazine's literary editor, Leon Wieseltier. Wieseltier might not object to the following characterization of his argument, even though he himself did not quite formulate it this way: What stood in the way of an effective response to Milosevic's campaign of ethnic cleansing was the doctrine of realism — among realist opponents of the war, certainly, but also the closet realists in the Clinton administration and even, paradoxically, Havel himself. Thus, in making his case to save Kosovo, Wieseltier opened a three-front war, against the half-hearted idealism of the administration, against the party of realism, and against the party of high idealism as represented by Havel.

Like other liberals, Wieseltier gave the administration high marks for going to war for humanitarian purposes. But he noted that the administration fought the war as if it did not really believe in its own humanitarian ideals. Rather than sending American ground troops to stop the carnage in Kosovo, it settled for bombing Serbia from high up in the sky. So much did it fear the loss of American life that the administration would not even send in a mere 24 of its Apache attack helicopters, which might have actually slowed the slaughter in Kosovo. The result was that for all the well-intended talk of fighting a "concept" and stopping another Hitler, the administration stood idly by as the bloody-minded Milosevic emptied Kosovo of nearly all of its ethnic Albanian inhabitants, murdering over 10,000 of them. When it came to actually doing something to save Kosovo, Clinton and Albright were realists, after all, putting American interests and the lives of its servicemen first.

Open and closet realists alike believed that Kosovo was simply too small, too far away, and too insignificant to justify the loss of American life. (Realists also argued that intervening in Kosovo, however justified morally, was problematic since it involved violating Serbia's sovereignty.) The *New*

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Republic thought otherwise and attempted in so many words to argue that our ideals *are* our interests. To the realists of all parties, Wieseltier said: "A place in which innocent men, women, and children are being expelled and exterminated is an important place. It is a place that asks about the philosophy by which we claim to live." In a subsequent issue of the *New Republic*, the political theorist Peter Berkowitz put it this way: The humanitarian ideal arises "from the heart of liberalism," and as such, "we have a national interest in upholding it." Of course, this begged the question of where we must conduct humanitarian interventions to uphold our philosophical ideals. Everywhere? If only in certain places, what's the basis for making distinctions?

Wieseltier, invoking Lincoln's First Inaugural, argued that the state is concerned with more than just interests.

The argument that our ideals are our interests was also wielded against the high humanitarianism of Havel, who held that we were witnessing the end of the nation-state. To which Wieseltier responded: What "millennial nonsense." However, Wieseltier was criticizing Havel not only for his idealism but also for his "realistic" view of the state, the very same reason Wieseltier attacked the party of realism. Realists and humanitarians both think the state is only about protecting interests — "thank God," says the realist; "alas," says the humanitarian. But Wieseltier, invoking Lincoln's First Inaugural Address, argued that the state is concerned with more than just interests: "Indeed, communal affiliation and cultural affiliation, the mystic chords of memory, may serve also as a foundation for concerted action against the systematic abuse of human rights by governments or movements, within borders and across borders."

There is some truth to Wieseltier's claim; and certainly, it was effective as a rhetorical strategy by which realists and high humanitarians could be knocked down with a single stone. But, in the final analysis, it's not clear that Wieseltier and the *New Republic* succeeded in sufficiently distinguishing themselves from Havel's utopian version of humanitarianism. The humanitarian cause was, for them perhaps almost as much as for Havel, abstracted from the specific political ideals and interests of America, or any other Western state for that matter. Their appeal to patriotism, such as it was, seemed to involve putting humanitarian ideals first and then figuring out how the nation-state might be used to further those ideals. That's certainly not how most Americans view their country; instead, they desire to further the interests and ideals specific to their country, to which more general humanitarian concerns take a back seat. Thus humanitarianism even at its best falls into serious difficulties — difficulties that will become more apparent when we examine the lessons the humanitarians

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would take from Kosovo. What's imagined, at least by some on the left, is a staggeringly grandiose military agenda abroad in the service of the humanitarian ideal.

Where to draw lines

THE DEFENSE OF KOSOVO, Havel said, was a precedent for future wars on behalf of humanity, an opinion the editors of the *New York Times* shared. In an important article for *National Journal*, Paul Starobin reported on the emergence of a new coalition of what he called "liberal hawks" and "a theology of liberal hawkism." The question is, what do the liberal hawks want? What future military actions will the theology of liberal hawkism require of us should the Democrats remain in power? What exactly is Kosovo a precedent for?

Sounding a bit like a foreign policy realist, Wieseltier held that the West has a special responsibility for what happens in its "sphere."

Here, not surprisingly, there is disagreement on the left. Critics of the fight against ethnic cleansing in Kosovo asked why the humanitarian hawks did nothing to stop the far worse genocide in Rwanda in 1994. President Clinton did not have an answer; in fact, he apologized for the international community's inaction and said that we should have indeed done something to stop that genocide. Wieseltier held a different view of why Kosovo but not necessarily Rwanda. He was very critical of Clinton for doing nothing in the latter instance, calling it a disgrace and a "historical dereliction of his duty." But, at the same time, he faulted the African states much more for allowing the genocide to take place unimpeded. Sounding a bit like a foreign policy realist, Wieseltier held that the West has a special responsibility for what happens in its "sphere"; the Africans for what happens in theirs.

It seems unlikely that the new humanitarianism can make such distinctions and still maintain a good conscience. Its animating principle is cosmopolitanism — the idea that we are citizens of the world, not members of separate political or cultural or ethnic or religious "spheres." If it's OK to draw a line excluding the Tutsis from our sphere of primary responsibility, why can't we draw it to exclude Kosovo Muslims? After all, about 12 percent of America is of African descent, and in the U.S. armed forces, approximately twice that percentage. Are not our historical and cultural ties to Africa as great (or as small) as they are to Kosovo? Certainly African Americans, along with many other Americans, might think that the Tutsis

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are as much in (or beyond) our sphere of responsibility as the Kosovo Muslims.

In point of fact the new humanitarians, or at least the majority of them, do not wish to draw such lines. Wieseltier's own magazine published an article that developed a practical program for determining when to wage humanitarian war. Significantly, it for the most part eschewed an analysis that depended upon spheres of responsibility. The article, by Michael O'Hanlon of the Brookings Institution, is worth reviewing, for it describes in great detail what kinds of military action the new humanitarianism would commit us to and why.

O'Hanlon's plan would have no doubt pleased Havel. "The question is how to decide when and where to intervene," O'Hanlon writes. Traditionally, politicians answered this question by consulting the country's principles and interests, as well as perhaps the politics of those who required assistance. The genuine idealists among them might also have consulted the demands of universal justice. But the new humanitarian left will not take up such difficult issues. O'Hanlon proposes instead a politically and culturally neutral criterion:

What remains of the liberal creed is only a blind belief in human equality and a feeling of compassion for those who are suffering.

> Military intervention should be considered whenever the rate of killing in a country or region greatly exceeds the U.S. murder rate, whether the killing is genocidal in nature or not. Our moral premises are twofold: first, since all human lives have equal value, the United States and other countries should use their military and political resources where they can save the greatest number of individuals. Second, the United States cannot be politically or morally expected to try to make other countries safer than its own domestic society.

O'Hanlon goes on to argue that from 1992 to 1997, eight conflicts met this criterion — Sudan, Somalia, Rwanda, Burundi, Liberia, Angola, Bosnia, and Chechnya — and that we should have gotten involved militarily in five of them, as we did in Kosovo (he excepts three for prudential considerations). In what is surely an underestimate, he coolly claims that some of these humanitarian interventions would have required "tens of thousands of troops" and that "dozens or even hundreds of American lives" would have been lost.

O'Hanlon's project is ludicrous. But it follows, at least in some way, from his humanitarian premise that "all lives have equal value." In the abstract sense that's true enough, though obviously any politician who acted as though an American life were worth no more than the life of a Kosovar

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would not last long in office. But O'Hanlon breezes over such political distinctions and makes the question of when to intervene a mere matter of arithmetic. Where the most people are dying is where we should be, regardless of interests, politics, or even ideals. There is no sense here, as perhaps there was among an earlier generation of idealists, that our liberal-democratic principles are of universal validity. What remains of the liberal creed is only a blind belief in human equality and a feeling of compassion for those who are suffering. Not that there's anything wrong with equality and compassion, but today's liberal humanitarians have little else to offer. They envision not a war to save democracy or spread the American way — no one ever claimed that the KLA were liberal democrats, for example — but to save human life wherever it is most threatened. That's the program of the new humanitarianism.

Cosmopolitanism

As THE WORLD is currently constituted, the American people have no interest, morally or strategically, in dying for Sudan, Somalia, Kosovo, Angola, etc. Liberal elites believe that the protection of human life in such places is worth the sacrifice of American lives, but the American people are not persuaded. David Rieff, himself a supporter of humanitarian war and a critic of Clinton's no-American-casualties approach to waging the war in Kosovo, acknowledged this inconvenient fact in a recent article in the *New York Times Magazine*: The decision to fight in Kosovo "was a moral decision, but it was arrived at undemocratically," he observed. Liberal elites supported the war, but "there was no widespread support for casualties in defense of these human rights ideals." During the recent bloodshed in East Timor, Clinton reaffirmed the humanitarian principle — namely, "when we are faced with deliberate, organized campaigns to murder whole peoples or expel them from their land, the care of victims is . . . not enough" — but, bowing to democratic sentiment, he took no action.

How might the American people be persuaded to sacrifice their lives for such ends? The new humanitarians have not yet wrestled with this question, but an answer can be found in an essay by Martha Nussbaum, a frequent contributor to the *New Republic*. The essay, "Patriotism and Cosmopolitanism," which originally appeared in the *Boston Review* in 1994 and was subsequently republished in *For Love of Country: Debating the Limits of Patriotism*, was obviously not written with Kosovo in mind, and the new humanitarians have not claimed her as one of their own. But her advocacy of cosmopolitanism is the necessary prerequisite of humanitarian war. Her argument shows that more is at stake than simply our country's *foreign* policy.

The stumbling block to the triumph of the new humanitarianism is nationalism or patriotism. Many of the humanitarians would agree with Havel's statement that love of one's own country "has necessarily become a

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dangerous anachronism, a source of conflict and, in extreme cases, of immense human suffering." True, his attack on nationalism is aimed at what we saw in Serbia — a blind love of one's own that is expressed as a murderous hatred of the Other. And it is certainly true that such a sentiment seems far from Wieseltier's argument for humanitarian war. But even a more considered love of one's own is not without its problems from the humanitarian point of view, for it prevents one from helping strangers in need. Clinton, for example, made the political calculation that the American people would not tolerate high casualty rates to save the lives of Kosovars, Rwandans, or East Timorese. That sort of political decision is morally repugnant not only to the high humanitarians but also to the more moderate ones like Wieseltier. How will the party of humanitarianism overcome this sort of calculation?

Like Havel, Martha Nussbaum compares patriotism to ethnocentrism and jingoism.

In "Patriotism and Cosmopolitanism," Nussbaum aims at replacing such thinking with what she calls "world thinking." Like Havel, she compares patriotism to ethnocentrism and jingoism. And like Havel, she wants to shift the locus of our feelings from the national to the international community. We must, she writes, make "our fundamental allegiance to the world community of justice and reason"; we must make "all human beings more like our fellow city-dwellers"; we must make "all human beings part of our community of dialogue and concern." Americans must learn to think of themselves not primarily as citizens of the United States but "above all, citizens of a world of human beings." The means to these lofty ends, she writes, is a "*cosmopolitan education.*" Though she does not get into the specifics of a curriculum in her essay, it would seem that only once such a reeducation takes place will Americans gladly give up their lives to the humanitarian missions favored in the pages of the *New Republic* — in Kosovo, Rwanda, Sudan, Bosnia, and other trouble spots around the globe. Because only then will Americans put, in Nussbaum's words, "right before country."

To succeed, humanitarianism will require something like Nussbaum's program of cosmopolitan education. It will need Americans who think not first of their own but of the needs of humanity more generally. It will require, in the words of Rousseau, "great cosmopolitan souls, who overcome the imaginary barriers that separate peoples, and who, following the example of the sovereign being who has created them, embrace the entire human race in their benevolence." But as Rousseau well knew — and we should take his counsel in this instance — it is reasonable to expect such benevolence only of the remarkable few.

The liberal humanitarians make another, more serious miscalculation. In a nation such as ours, whose self-definition is nearly synonymous with the ideals of human liberty and equality, fighting for our national interests will

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always be infused with something a bit nobler and universal. To ask for more, as the humanitarians do, would require that the American character be run through a siphon, leaving only a cosmopolitan's abstract love of humanity. It would require, as Nussbaum advocates, the indoctrination of the mass of Americans into cosmopolitanism, which would, by design, leave them less attached to their own country. But it's the American people's love of America that is the source of their love of humanity; and thus such an education would inevitably make Americans less attached to humanity, not more. One cannot argue in favor of humanitarian interventions while denigrating American patriotism as the enemy.

Humanitarianism and patriotism

THE NEW HUMANITARIANS have adopted a set of ideas that would commit the United States to a utopian program — one in which Americans would enforce, by military arms if necessary, humanitarian norms of decency throughout the world. They would have us weigh military interventions not according to our interests or even our own liberal-democratic ideals. Rather, they would have us risk American lives for a more generalized, less political end, the saving of human life simply. Such a foreign policy will never happen. Only philosophers, to use Nussbaum's words again, fall in love with "universal reason." The rest of us fight for more mundane things.

But just because the liberal humanitarians are wrong does not mean, as Charles Krauthammer recently argued in the pages of the *National Interest*, that humanitarian war "is an idea whose time has come and gone." In his view, Americans will only go to war to defend the national interest. Well, it all depends upon what is meant by "humanitarian war" and what is meant by "national interest." Havel's version of humanitarian war, certainly, is a dead letter. But there are other possibilities. In America, patriotism and a kind of humanitarianism have always been closely intertwined. As Hamilton was to declare (when the nation was still a mere 13 barely united states!): "It belongs to us to vindicate the honor of the human race." Americans rise to the defense of the universal rights of man because they are their own particular inheritance. If humanitarian war has any future at all it is to be found here, properly grounded in patriotic sentiment.

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The Case for Supermajority Rules

By JOHN O. MCGINNIS AND MICHAEL B. RAPPAPORT

THIS CENTURY ENDS, as it began, with extraordinary ferment about the soundness of our constitutional structures. In a series of recent decisions, the Supreme Court has appeared to revive doctrines of federalism and carve out spheres of autonomy for the states. In Congress, each house gave majority support to serious constitutional amendments setting term limits, requiring balanced budgets, and limiting tax increases. In fact, the Balanced Budget Amendment came within one vote of being sent to the states for ratification. Congress has also passed rules to restructure the federal legislative process. In an attempt to promote accountability and protect the autonomy of the states, both houses have required separate votes on unfunded mandates. The House of Representatives has passed a rule requiring a three-fifths majority to raise income tax rates.

Whatever they may signify individually, all these initiatives reflect a dissatisfaction with the continuing growth of the federal government. For despite President Clinton's declaration that the era of big government is over, the national government is as imperial and imperious as at any time in the nation's history. It spends 17 times the percentage of the nation's income as it did in 1910, and it takes a greater percentage of citizens' income in taxes than it has in peacetime ever before. The nature of federal spending has been transformed as well. Whereas in the early part of this century the budget focused on public goods, like national defense and infrastructure, that bene-

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fited everyone, today it is largely composed of transfer payments that enrich some citizens at the expense of the others. As the federal government has become ever more a dynamo for the satisfaction of private interests, a government designed for the energetic pursuit of the public purpose has been transformed into the special interest state.

Recently, some scholars and other observers have come to believe that excessive government spending is no longer a problem, because we now enjoy a surplus. Yet today's favorable fiscal situation, we submit, is adventitious and temporary. The government surplus is the result of a vibrant economy, peace, and the full employment of the baby boom generation, none of which will last forever. Indeed, as the baby boomers retire during the next 20 years, government spending obligations will grow tremendously. The most realistic projections (not the pessimistic ones) predict that by 2020, the cost of Social Security and government health care programs for the elderly alone will require payroll taxes approaching 30 percent. This bill coming due makes it all the more imperative that we focus on our fiscal Constitution right now. Today is when we should be reconstituting the government to avoid the upcoming crisis — not tomorrow, with the crisis already upon us.

Today's bloated government is a legacy of yesterday's enthusiasm for collectivist solutions.

Today's bloated federal government is a legacy of yesterday's enthusiasm for collectivist solutions to social problems. While the United States suffered less than many other nations in this century from this worldwide delusion, the fervor for intrusive social reform — one directed not only from the left, but also from the political center — has left a mark on our original charter. In the course of the Progressive Era and the New Deal, federalism and the separation of powers were so effectively weakened that the federal government came to possess plenary powers of spending and regulation. As the failures of such federal intervention have become more apparent, political attention, particularly but not only on the right, has naturally shifted to recreating an architecture for government that will discourage such excesses in the future. What we need are constitutive structures that make it easier to apply what we have learned in this century: to employ market-based and community solutions to social problems wherever possible and to deploy the heavy hand of the central authority only as a last resort.

It is our belief that the single best prospect of reconsecrating the Constitution to individual liberty and the public good would be the adoption of fiscal supermajority rules. Essentially, what such rules represent is an attempt to constrain government by requiring more than a simple majority of legislators to enact a particular category of legislation. Fiscal supermajority rules, for instance, are already at the heart of the Balanced Budget

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Amendment and the tax limitation proposals: the former requires a three-fifths majority of both the House and Senate to run a deficit or issue debt, and the latter requires a two-thirds majority to raise taxes.

The benefits of such a change in the way laws are made are potentially very large. Supermajority rules for fiscal matters would increase economic growth by decreasing the burdens the federal government imposes on citizens. They would help restore civic virtue by focusing the government on public interest projects rather than on inherently divisive transfer payments among citizens, thus allowing us together to address real social problems more energetically and effectively. Finally, by restraining the reach of the federal government, they would revive federalism more effectively than will piecemeal legislation or judicial decisions.

The best type of government is a limited one.

The institutional strength of supermajority rules lies in their recognition of the limitations of both legislatures and judges. As history shows, legislatures working under majority rule have systematically become captive of special interests and thus tax and spend more than the public interest requires. Judges, on the other hand, have tended to aggrandize themselves by their willful misreading of text and precedent. Supermajority rules are an idea for an age skeptical of all rulers, because they restrain special interests that flourish under legislative majority rule without providing expansive authority to judges. They thus provide a better method of creating a framework for a flourishing polity than a structure that relies either exclusively on majority rule (as many conservatives, for example, would have us do), or largely on individual rights (as many libertarians urge).

Some advocates seek to achieve these same goals through other constitutive reforms, like term limits or campaign finance reform. We believe that fiscal supermajority rules, however, are more effective at restraining special interests, because they attack the root cause of their power — a government that is inherently inclined to excessive spending. The very popularity of term limits and campaign finance reform, however, shows that the burdens of our special interest state have become so large as to create a wave of popular discontent — one that supermajority rules may be able ride to success.

The special interest state

BOTH THEORY AND PRACTICE suggest that the best type of government is a limited one that provides only those goods and services that cannot be adequately supplied by the private sector — that is to say, public interest goods such as national defense, police, and infrastructure. Government of this sort both respects individual freedom and energetically promotes the welfare of the populace.

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The hard task is making sure that a limited government remains limited. A government sufficiently powerful to supply public interest goods also has enough power to expropriate the property of its citizens. In the American political tradition, the first mechanism for limiting the power of government is what the Founders called republicanism and what we now call democracy: If the people can oust their leaders, this will restrain the government from abusing its powers.

Yet the American political tradition also demonstrates that democratic checks, while important, are not sufficient to protect the people from a distant central government. The Framers of the Constitution were worried about the power of a majority to abuse even a democratic government by opting for noxious laws. For their part, the Antifederalists — who opposed the Constitution but were responsible for pressing for the Bill of Rights — were concerned about the ability of powerful minorities to secure the passage of injurious legislation. They feared that a group of wealthy individuals would use the national government to usurp power and exploit the people.

The greatest danger in our democratic political system derives from special interests.

Today, the greatest danger in our democratic political system derives from special interests — groups who wield disproportionate political power that they can use to obtain private interest benefits from the government. Special interest groups tend to have certain characteristics that enable them to succeed in the political process. In the most common type of special interest group — think of big business or big labor — each member receives a large benefit from the government. Special interests are therefore willing to incur substantial costs to operate an organization that will monitor and lobby the government. Frequently, the members of these groups can also organize on the cheap, either because they have few members or because they are already organized (such as the workers in a labor union). By contrast, most citizens on most issues find it difficult to organize and therefore exercise little political influence. For example, a consumer spends relatively little on a typical product and thus does not have incentive to lobby to prevent the government from raising its price through tariffs.

One of the strongest special interest groups today, the elderly, has some of the same features as the most common type of special interest, but not others. Like big business and big labor, the elderly receive large amounts of money from the government through Social Security and Medicare. Although they constitute a large group, and thus are hard to organize, they make up for their lack of organization with voting strength. They vote in large numbers, and they tend to vote on the basis of a candidate's position on Social Security and Medicare. The power of the elderly helps to explain why Social Security and Medicare are the third rails of American politics

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and how they have grown to encompass so much of the federal budget.

Special interests of all kinds often use their influence to support government spending increases. Indeed, when special interests act, they almost always support additional spending rather than less spending and therefore exert continuing pressure to expand government. Special interests behave this way by their very nature. While members of special interests can receive large benefits from spending programs tailored toward their interests, they benefit much less from opposing spending than does the average citizen. Spending programs are usually financed by general tax increases or by government borrowing. If the special interest successfully opposes spending for another group that is financed through a general tax increase, it will benefit only by the small amount of the tax increase that it would have paid. Most of the benefit will go to the rest of the taxpayers. Similarly, if the special interest successfully opposes spending that would have been financed by borrowing, most of the benefit will not go to the special interest, but to future taxpayers who would have to repay the debt. Rather than incurring costs opposing spending programs, special interests are better off attempting to secure programs that specifically benefit them. Mancur Olson described this phenomenon in his 1965 book, *The Logic of Collective Action.*

Unfortunately, from the point of view of the greater good, special interest groups have increased in strength throughout American history. When the country was formed, the polity was divided largely between farmers and merchants. Today, of course, it is vastly more diverse, consisting of corporate executives, clerical workers, government bureaucrats, academics, and journalists, to name just a few. As the number of occupations with distinct interests increases, the number of interest groups that have incentive to lobby the government for subsidies grows. Moreover, a stable society like ours inevitably accumulates special interest organizations. Such organizations may be hard to form, but once created have staying power. The growing power of special interests helps explain why total government spending and the amount of such spending devoted to private interest goods have both significantly increased. Unless mechanisms can be developed to limit special interests, they will continue to use their power to grow the state, enriching themselves at the public's expense and weakening the government's ability to pursue public purposes.

Undoing constitutional constraints

THE FOUNDERS' GENERATION recognized the need to limit the powers of government in order to keep it focused on the public good, rather than on the private interests of either the majority or the minority. In the original Constitution, the principal means of restraining government was the system of federalism. Under this system, the Framers gave the national government only limited powers that were devoted mainly

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to national defense and to promoting free trade. The states, by contrast, were largely free to legislate, but were checked by competition. If one state passed harmful legislation, it would lose capital and population to the other states. Moreover, not only the Supreme Court, but also senators selected by the state legislators themselves, maintained the limits of the federal government. In the Senate, the states had a powerful means of constraining both the Congress and Supreme Court justices (whom the state-controlled Senate confirmed). Initially, this mechanism worked well on fiscal issues. After 125 years under the Constitution, the federal government's spending in 1910 was still only 2 percent of GDP and domestic spending was only 1 percent. This was quite an accomplishment, since it continued many decades after the Civil War and the centralization of power necessary to end slavery and reconstruct the Confederacy.

The limits on the national government soon began to give way.

But the limits on the national government soon began to give way. The constraints of federalism, in particular, were weakened in two different ways. First, in 1913, the nation passed two constitutional amendments that significantly expanded the federal government's powers. The Sixteenth Amendment eliminated restrictions on Congress's ability to impose income taxes, thus allowing the federal government to raise funds without limits. The Seventeenth Amendment transferred the power of selecting senators from the state legislatures to the voters; in ratifying this amendment, states removed the most powerful check they had on the passage of federal legislation.

Second, during the New Deal, the Supreme Court reinterpreted the Constitution to allow Congress to exercise far broader powers than the Framers had conferred. Under the new interpretation, Congress had virtually unlimited authority to pass regulatory and spending programs.

These changes have tremendously increased both the powers of the federal government and the amount of federal spending. With the roadblocks from the original Constitution withdrawn and special interests in the engine room of government, the nation has been moving steadily along the track of federal spending growth. Nor has our recent economic prosperity changed all that. Indeed, the percentage of GDP devoted to domestic spending continues to grow significantly, while the main reductions in spending have come from defense — one of the few areas of federal spending devoted to a public interest good.

We have been fortunate because the baby boomers are still working, there is peace, and the nation is enjoying the benefits of the computer and telecommunications revolutions. But this is the calm before the storm. Unless substantial changes are made, first Medicare and then Social Security will run out of money, forcing the government to pass huge tax increases or to run enormous deficits. It is a sign of the power of those interests, however,

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that the nation is not even taking moderate measures to deal with these problems. Consider only what our recent fiscal politics shows — that the government finds it difficult to cut taxes, even though the country is now paying a greater percentage of national income in taxes than at any time since World War II. Proposals to save Medicare from bankruptcy have failed miserably, while the administration's plan to expand the program to people in their 50s receives attention.

The clearest indication of special interest power has been the Congress's sad inability to live within the statutory limits it has set for discretionary spending — the money the government spends outside the area of entitlements like Social Security and Medicare. Here Congress continues to behave like an alcoholic who swears that the drink he is about to have will be his last. Congress regularly enacts spending limits, then chooses to violate these limits as it enacts a new spending cap that it pledges to follow in the future. In the 1980s, Congress sought to restrain spending and deficits through the Gramm-Rudman law. In 1990, Congress violated this limit, but made sure to pass a new spending restraint that it claimed would be more effective in the future. In 1997, however, Congress transgressed this limit, but not without once again solemnly pledging to respect new spending caps.

In the past few years, Congress has accelerated its pattern of spending breaches.

In the past few years, Congress has accelerated its pattern of spending breaches, playing fast and loose with the limits each year. In 1998, it was able to avoid enacting new spending caps, but only by exploiting a loophole for emergency spending, intended for unexpected occurrences. Congress cynically treated the Y2K computer problem as an unpredictable emergency, although it had certainly been aware of the issue when it enacted the caps the previous year. This year the legislature appears to be outdoing itself. It has contemplated using the emergency spending exception to fund, of all things, the 2000 census — an event so unpredictable that the Constitution just happens to mention it! Congress has also considered placing other items, such as airport funding, off budget, as if an accounting device could erase the true costs of government spending. Finally, even with such spending gimmicks both the speaker and the Senate majority leader have announced that they intend to exceed the statutory spending caps yet again.

The Republican Congress, however, looks like a model of fiscal restraint when compared to the spending programs advocated by the Democratic presidential candidates. Vice President Gore and Sen. Bradley are trying to outdo each other with expensive ideas for spending the taxpayers' money. Even the *New York Times* has recently estimated that their proposals, if enacted, would not only exceed the budget caps, but wipe out the entire Social Security surplus.

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John O. McGinnis and Michael B. Rappaport

Supermajority rules and how they work

THE FIRST VIRTUE of fiscal supermajority rules can be simply stated: By increasing the percentage of legislators needed to pass additional spending, debt, or taxes, supermajority rules reduce the amount of such legislation. The second virtue is also important: By requiring a larger majority to pass laws, fiscal supermajority rules help to filter out inefficient programs. This filtering effect follows from the intuitive idea that good legislation is generally able to get more votes than bad, so that supermajority rules will block the enactment of a higher percentage of bad laws than of good laws. Our own Constitution makes such an assumption: If legislation passing with a supermajority is no better on average than legislation passing with a mere majority, there would have been no reason to require a supermajority of Congress and the states to amend the Constitution.

Supermajority rules would also filter out bad spending, while preserving the good.

Thus, a well-designed supermajority rule should create a government that is both smaller and more focused on the public interest. Consider as an example perhaps the simplest of all supermajority rules — one that requires a supermajority (say two-thirds) for any new spending. This rule certainly would have the advantageous effect of reducing the amount of government spending. Even if it reduced both good and bad spending equally, the rule would still be beneficial if most federal government spending is currently ill-conceived — a plausible enough assumption to anyone familiar with the waste in our government programs.

Yet a supermajority rule would also filter out bad spending, while preserving the good. Voters evaluate spending bills in some measure by whether bills provide them with net benefits. A bill with more net benefits is, on average, more popular than a bill with lower net benefits or negative benefits. For instance, the spending required to defend the United States from invasion offers huge net benefits and would be easily passed under any supermajority rule. In contrast, a bill that transferred money to a small group would have fewer supporters. Thus, a supermajority rule that filters could improve government spending on balance, even if the time comes when most federal spending is well-conceived.

In fact, such a supermajority rule may mimic the workings of majority rule in an idealized version of democracy — one with majority rule and with no special interests. As we have noted, special interests systematically favor spending and have substantial leverage over legislators. Thus, in the real world, the legislature operates as if special interests control pocket boroughs

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and additional votes in the legislature. By creating a higher hurdle for spending, the legislature will pass only spending favored by an actual majority of voters. In our imperfect world such spending programs would generally obtain supermajorities of legislators, consisting both of the majority sustained by regular voters and the pocket boroughs of special interests.

A fiscal supermajority rule creates a third structure of governance — one that combines the advantages of majority rule and absolute limitations on government, such as the Bill of Rights and the protections of federalism. Like majority rule, supermajority rule ultimately permits government decisions to be made by popular consensus. If a spending program is truly popular, the judiciary cannot stop it. Moreover, because Congress ultimately passes on the wisdom of legislation, judges are not subject to societal pressure to abrogate supermajority rules in times of crisis, as they did to many constitutional limitations during the New Deal. The supermajority limitations bend in the face of popular passions so that they do not break.

Such rules are wholly consistent with the tenets of American democracy.

On the other hand, supermajority rules are like absolute limitations that shape the political process to prevent its distortion by special interests. Thus, like federalism or individual rights, supermajority rules can help protect our basic liberties — in this case our right to keep what we earn free from the overreaching of government. As a result, supermajority rules encourage economic growth and discourage wasteful and divisive attempts by private interests to use government to obtain transfer payments for themselves.

The comparison of supermajority rules with absolute limitations shows that supermajority rules are wholly consistent with the tenets of American democracy. The existence of constitutional provisions protecting individual rights and federalism show that throughout American history popular majorities have always perfected democracy by placing constraints on national legislative majorities. Indeed, supermajority rules thwart majority decisionmaking far less than absolute limitations like individual rights because supermajority rules ultimately entrust government decisions to the representatives of the people, not to judges.

How to draft the best rules

WE NEED TO DRAFT supermajority rules carefully to get the optimal benefits of restraining the legislature while minimizing the complexity of the function they assign to the judiciary. This will necessarily involve tradeoffs between these two objectives. Because all rules must be enforced by fallible institutions, any sensible constitutional

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provision seeks to reduce the combined costs of institutional failure of both the legislatures and the courts, not just one or the other.

For instance, the rule with which we illustrated the benefits of supermajority rules — a two-thirds requirement for any spending bill — has the virtue of simplicity. Spending is a relatively easy concept to define: Under cost accounting, a government expenditure is the amount that is actually transferred from the government to a party outside the government. Applying this simple rule to all spending circumscribes judicial discretion, because little room for dispute exists in its application.

Unfortunately, this simple rule permits strategic behavior by legislators and interest groups. By holding out against passage of an important spending bill, like one that funds the treasury or justice system, legislators who want more spending can threaten a government shutdown. As we witnessed in 1995, President Clinton used the threat of government shutdown to obtain *increased* spending from the Republican Congress.

The judiciary has to decide whether spending is an entitlement.

The power of holdouts can be reduced by establishing two kinds of supermajority rules. First, a supermajority could be required to pass any spending bill that constituted a new entitlement. Since citizens do not count on receiving an entitlement that has not yet been enacted, the creation of novel benefits is much less vulnerable to holdouts. On the other hand, because existing entitlements run on automatic pilot, they create a very substantial risk of excessive spending, as Social Security and Medicare show. It is therefore imperative that a decision that can so dramatically affect the economic future not only of the living but of those yet unborn have the support of a very broad social consensus.

Second, the total amount of so-called discretionary spending — the kind that keeps the government running — should also be made subject to a slightly more complicated supermajority rule. If Congress were to spend more than a certain percentage, say 90 percent, of what it spent in the previous year, it should have to enact this overall total spending level by a two-thirds vote. Holdouts would have less leverage under this rule, because if they threaten to shut down the government, a majority could prevent its closure by authorizing 90 percent of the previous year's expenditures.

To restrain the legislature more effectively, these supermajority rules introduce slightly more complicated concepts for the judiciary to interpret. For instance, the judiciary has to decide whether spending is an entitlement. Yet this is a manageable determination, since "entitlements" can be defined as all spending not subject to the yearly appropriations process. Certainly, this is a less open-ended kind of judgment than that routinely made by the judiciary in deciding what constitutes "equal protection of the law" or "the freedom of speech." The judiciary would also have to decide what constitutes 90 percent of last year's spending. But there is little chance that this question

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will be decided mistakenly or improperly, because the amount of expenditures is so clearly defined and because Congress will almost always spend more than the 90 percent of what it spent the previous year, thereby avoiding the need for the court to make a close calculation. Another way of reducing judicial power over this fiscal calculation would be to make the president the initial monitor of congressional compliance by giving him the responsibility of sequestering funds spent in violation of the rule.

Focusing on supermajority rules as a way of optimizing restraints on both the legislature and the judiciary helps us evaluate the Balanced Budget Amendment and the Tax Limitation Amendment — the principal supermajority rules that Congress has actually proposed. First, these amendments would constrain legislative spending far more effectively if they were passed together. If only one of these methods for funding special interest spending were restrained, then we would expect Congress to circumvent that restraint simply by using the other method.

Tax increases are not easy to define in a way that encourages the optimal kind of tax.

Second, even if supermajority rules were applied to both taxes and debt, these particular sorts of rules would contain more complex concepts than would supermajority rules on spending. Debt is harder to define than spending, as corporate finance shows. State experience with balanced budget provisions also indicates that judges sometimes manipulate the concept to permit legislatures to borrow money.

Tax increases are also not as easy to define, at least in a way that encourages the government to choose the optimal kind of tax. For instance, there are problems with applying a supermajority rule to all laws that increase revenues. Certainly supermajority rules should cover increases in tax rates because they can be diffused over the general public and thus are the perfect support for special interest spending. But there are laws that increase revenues, such as eliminating tax preferences, that should not be discouraged by supermajority rules, because special interests devise tax preferences to get additional resources for themselves.

One major advantage of applying supermajority rules to taxes and debt cannot be ignored. Such a constitutional amendment would probably be easier to enact than one applied to spending. Citizens simply resent increased taxes and debt more than they do excessive spending, because spending, unlike taxes or debt, can be more easily presented as a benefit to someone. Of course, it is an easy step to show that excessive spending requires either excessive taxes or excessive debt or both, but in politics even a two-step argument is often one step too many for success.

No matter what supermajority rule is chosen, special interests will not disappear. They can be expected to try to circumvent the supermajority rule by finding other kinds of legislation that will benefit them. For instance, legisla-

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tion that would require, say, supermarkets to give special low rates to the elderly would benefit a group of individuals at the expense of the public, but would not be subject to a supermajority rule on spending, debt, or taxes. Nevertheless, we would expect such substitution to be imperfect. The success of special interests lies in their ability to diffuse the costs of their program on the public through general taxes. Regulatory legislation, by contrast, often imposes costs on concentrated groups that can be expected to organize effective lobbies against it. Thus, in our imagined example, supermarkets could be expected to battle the regulatory transfer.

Since special interests could not easily substitute bad regulations for excessive spending, taxes, or debt, supermajority rules applied to these fiscal matters would reduce the overall level of special interest extractions from the federal government. Of course, we recognize that over time special interests may find ways to weaken the restraints of fiscal supermajority rules as well. But no constitutional settlement can ever be permanent. Even if supermajority rules restrain government spending for only 50 years — a third of the time in which the Constitution's original structure of enumerated powers held sway — fully two generations once again will enjoy the benefits of a government more focused on the public interest.

Rules for compassionate conservatism

FISCAL SUPERMAJORITY RULES are multipurpose tools. Besides leading to more efficient spending, these rules also advance important social objectives. Fiscal supermajority rules can create a less divided polity and help to focus citizens on common goals. They can also promote private charitable organizations, individual freedom, and federalism.

At present, special interests regularly use the state to acquire private interest goods for themselves at public expense. Farmers secure agricultural subsidies, the elderly obtain generous government pensions, and large businesses get corporate welfare. In this political world, it is natural for each citizen to regard his fellow citizens as either sources of wealth he can seize or as threats to commandeer his property. Our political regime thus generates suspicion and division as citizens are pitted against one another in a litany of spending decisions that benefit some at the expense of others.

Fiscal supermajority rules, by contrast, would help change people's sentiments about politics. Supermajority rules make it harder to pass laws that simply transfer funds from one group to another. Such laws generate opposition, and obtaining the requisite numbers for passage would become more difficult. Instead, supermajority rules tend to favor laws that appeal to a wide range of interests and therefore are popular enough to secure passage. As a result, citizens will feel more secure that their wealth is not being seized for private purposes and that the government is attempting to promote the

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interests of all. Supermajority rules will also give politicians and citizens an incentive to consider the goals and interests their fellow citizens have in common, because only this strategy will allow them to formulate a legislative agenda that can pass.

Besides making politics focus more on the common goals of citizens, fiscal supermajority rules would also promote the development of private associations devoted to benefiting other citizens. Writing in the early part of the nineteenth century when government was small, Alexis de Tocqueville observed that America was a nation of individuals who formed charities, churches, and societies for all sorts of collective goods. Unfortunately, the large government produced by the modern special interest state has tended to crowd out many of these private associations. Because citizens now see government as the primary vehicle to address social issues, they are less motivated to organize privately to tackle them. Moreover, the higher taxes needed to fund big government deprive citizens of resources that could be used to create and sustain civic associations. In contrast, by establishing a civic world in which private citizens have more responsibility and more resources for solving social problems, supermajority rules have the potential to reinvigorate private associations and thereby create a social fabric richer in mutual aid and trust. If "compassionate conservatism" aims to refocus government on public purposes and to unleash the forces of beneficence for the poor and afflicted, supermajority rules should be seen as its signature constitutional structure.

Special interests regularly use the state to acquire private interest goods for themselves at public expense.

Thus, we completely reject any contention of liberal Democrats that fiscal supermajority rules would injure the poor. Supermajority rules restrain special interests, but the poor are unlikely to form into an effective special interest group. The poor are a diffuse group and have few resources to spend becoming organized. Moreover, they can offer only their votes and not campaign contributions or other material resources useful to politicians. Therefore it should not be surprising that excessive public spending does not flow to the poor. Instead, we observe that the federal transfer programs that comprise much of the federal budget are aimed at the aging middle class. The taxes that support such entitlements in fact harm the poor significantly because the poor are more likely than the average citizen to have used the money paid in taxes for the necessities of life.

Fiscal supermajority rules also foster individual freedom. The excessive government spending under existing legislative rules deprives people of resources to spend on enterprises and projects of their choosing. Additional government spending also produces a larger and more powerful bureaucrat-

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ic state, which has more opportunity arbitrarily to infringe on freedom. Supermajority rules would reduce the size and intrusiveness of government, allowing individuals a greater measure of autonomy.

Finally, fiscal supermajority rules would promote federalism. By making it more difficult for Congress to pass legislation, these rules would limit the federal government and help preserve the authority of the states to take actions without congressional interference. Moreover, because supermajority rules filter out bad legislation, they would tend disproportionately to block federal laws in areas where the states legislate well but to allow federal laws in areas where national legislation is needed. Thus, supermajority rules would obstruct federal spending on agricultural subsidies, while not interfering with necessary spending on national defense. Supermajority rules are also superior to the traditional system of enumerated powers in promoting federalism, because supermajority rules do not rely primarily on judicial enforcement.

Thus, supermajority rules — even ones devoted to fiscal matters — are not simply about economics. Fiscal supermajority rules would promote social harmony, civic associations, freedom, and local decisionmaking — important social and moral objectives that help sustain a rich civic life in a well-functioning polity.

A new charter of liberty

IN OUR OPINION, supermajority rules can command widespread support in the coming years. As noted, the supermajority rules in the Balanced Budget Amendment and the Tax Limitation Amendment gained many votes in Congress. Even more telling is the almost universal desire to achieve a principal goal of fiscal supermajority rules — the reduction of the power of special interests. The popularity of term limits and campaign finance reform, for instance, largely derives from the promise of these proposals to take government away from the special interests and give it back to the people.

Fiscal supermajority rules, however, accomplish this objective better than campaign finance reform or term limits. Supermajority rules attack the chief cause of the special interest state — the dissolution of limitations on government spending authority. In contrast, term limitation or campaign finance reform each curtails only one means by which special interests exercise disproportionate influence — either through peculiar influence with entrenched legislators or through greater campaign contributions.

It might be thought that a supermajority rule cannot be enacted, because special interests will use their power to oppose it in an effort to protect their subsidies. Although special interests would certainly oppose reductions in their benefits under existing fiscal arrangements, supermajority rules have the advantage of disarming all special interests simultaneously. They thus

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offer a promising solution to the prisoners' dilemma that afflicts our politics: Although we would all be better off with a smaller government, it would be irrational for the members of any special interest to surrender their benefits unless they can be sure that other groups will too. Under a fiscal supermajority rule applying to all spending, the benefits to a special interest group from less spending on other special interests might be larger than the reduction in its subsidies.

Edmund Burke defended the Glorious Revolution on grounds that even revolution can be necessary to "preserve . . . that ancient Constitution of government which is our only security for law and liberty." He cautioned that the resulting reformation should proceed "upon the principle of reference to antiquity" and thus be "carefully formed upon analogical precedent, authority, and example" of prior law.

Fiscal supermajority rules are the kind of innovation Burke celebrated. We now need them to perform a task analogous to that undertaken by structures of the original Constitution that have fallen into disrepair. Like the original system of enumerated powers, constitutional supermajority rules would inhibit the government from producing private interest goods and instead concentrate its energies on the public good. They would accomplish this goal without giving excessive power to judges or other nondemocratic institutions. They would thus help achieve what Madison defined as the principal goal of a constitution: "To secure the public good, and private rights, against the danger of . . . faction, and at the same time preserve the spirit and form of popular government." Supermajority rules can provide, in short, a new charter of freedom for those who would rule themselves.

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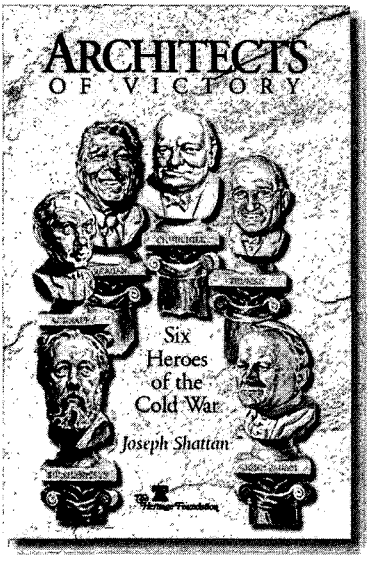
"Mr. Gorbachev, TEAR DOWN THIS WALL!"



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NATO After Kosovo

Toward "Europe Whole and Free"

By ALAN W. DOWD

WHEN NATO'S FOUNDING FATHERS convened in Washington to create the Alliance in 1949, their primary concern was protecting Western Europe from the Red Army — not smothering ethnic quarrels in the Balkans. Lord Ismay, NATO's first secretary general, famously and bluntly described the organization's mission as "keeping the Russians out, the Americans in, and the Germans down."

For two generations, the Alliance succeeded in this three-pronged mission. But NATO did more than block Moscow's march across Europe, maintain a transatlantic bridge, and rehabilitate Germany. Remarkably, old enemies became allies under NATO's umbrella; and Western Europe, the main battleground for two world wars, became a zone of peace and stability. Today, NATO is attempting to expand that zone into Eastern Europe.

NATO's Washington Summit in April 1999 served to underscore the organization's newfound concern for the East. Alliance leaders used the occasion to unveil a new Strategic Concept — a kind of twenty-first century mission statement that views Europe as a whole, taking into account the dangers posed to the West by instability and ethnic conflict in the East.

The Strategic Concept serves to clarify NATO's expanding role in the so-called "Euro-Atlantic area," which includes not only NATO nations, but the Balkans, former members of the Warsaw Pact, the Baltic states, Ukraine, and

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even Russia. Bound by the Adriatic, Baltic, and Black Seas, this once-forgotten half of Europe is where NATO will put its new mission statement into practice, and, in its own words, make "full use of every opportunity to build an undivided continent by promoting and fostering the vision of a Europe whole and free."

Kosovo afforded the Alliance such an opportunity, and NATO seized it. The resulting 11-week war revealed that 50 years after Lord Ismay, NATO's mission may now be described as keeping an eye on the Russians, keeping Eastern Europe stable, and keeping the Allies on the same page.

A chill from the East

EVEN AS NATO pursues the idyllic goal of an undivided continent, Alliance leaders have retained enough clear-eyed realism to remind would-be foes — and each other — that "NATO's essential and enduring purpose is to safeguard the freedom and security" of member states, in the words of the April 1999 Strategic Concept. That traditional mission of the Alliance — which many Western leaders had deemed a relic of the Cold War — returned to the fore in Kosovo, where the deep differences between Russia and NATO were finally exposed.

Remarkably, some blame NATO for the new Cold War chill in Europe. Russian envoy Viktor Chernomyrdin condemned NATO as the cause of "serious deterioration in Russia-U.S. contacts." Members of Congress and American journalists blamed NATO's Kosovo policy for scuttling any hopes of long-term cooperation with Moscow. Indeed, Rep. Curt Weldon, who heads a congressional delegation that meets regularly with members of the Russian Duma, concluded that, "our actions in Kosovo may be creating an environment that will clear the way for a resurgence of hard-line extremism in Russia. We are now in a situation where the Russian people may elect a Communist President and Duma, erasing all of the advances that we have made since the end of the Cold War."

Weldon's fears may be akin to lamenting the onset of winter after an extended and mild autumn. The reality is that NATO's disagreements with Moscow have been papered over for almost a decade. Contrary to Chernomyrdin, and many in Congress, the Kosovo war did not *trigger* East-West tensions; it merely uncovered a number of serious differences of view and provided a stark indication that Russia is years away from playing a constructive role in Europe. Chernomyrdin himself conceded that in Kosovo, "NATO's goals run counter to Russia's" — a telling assessment that could apply to scores of other European security issues, from human rights and ethnic violence to weapons sales and arms reduction. Fought behind the old division lines of the Cold War, the Kosovo war demonstrated how far we have come in the last decade. But the contentious interplay between Moscow and NATO reminds us how far apart Russia remains from the West.

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During Operation Allied Force, Russian President Boris Yeltsin declared that World War III was imminent. Chernomyrdin then doused the diplomatic situation with gasoline, warning that, "The world has never in this decade been so close as now to the brink of nuclear war."

But it was the Kremlin's behavior that threatened to escalate and metastasize the Kosovo war. We know that Yeltsin dispatched warships to intercept NATO's military transmissions and shared the fruits of this eavesdropping operation with Milosevic. It is believed that Russia resupplied Belgrade and even sent mercenaries to Kosovo. There is also strong evidence that Moscow provided battlefield-level intelligence and support to the Serbs. When asked during a postwar press briefing if a Russian colonel and captain were among those killed or captured in battles between the Kosovo Liberation Army and the Yugoslav Third Army, NATO commander Wesley Clark effectively confirmed the reports with an astonishing response: "I don't know whether they were retired, whether they were former military, whether they were mercenaries."

The Kremlin's behavior threatened to escalate and metastasize the Kosovo war.

But Moscow saved its most reckless act for the end of the war, deploying 200 troops to Pristina after promising not to send them across the Kosovo border. Just hours earlier, Yeltsin and his foreign minister, Igor Ivanov, had assured U.S. and NATO officials that the Russian brigade would remain in Serbia proper until Russia's role and placement in Kosovo were finalized. Those assurances were either intentionally false or recklessly ignored by the Russian military. There really can be no other explanation, and neither of those explanations is reassuring: If the Kremlin lied to the White House and Brussels at such a critical hour, what else will it lie about? And even more ominous, if the Kremlin cannot control its army, what's the next surprise a Russian general will spring on Russia's civilian leadership and the world?

This pattern of undependable behavior cannot be attributed solely to Yeltsin's flagging health, as some suggest. The Russian Duma, while politically weak, is already dominated by communists and ultranationalists who want to reverse the outcome of the Cold War. Their power is checked by a constitution that grants the president near-dictatorial authority, but their growing numbers give us an indication of what the Russian people believe: Perhaps they view the West not as a partner, but as the source of humiliation and defeat.

While their blame may be misdirected, their discontent is well-founded. The Russian economy has contracted by 40 percent since 1991, and continues to shrink this year. The Russian inflation rate is a staggering 84 percent. After a brief period of stabilization in 1994, the unemployment rate is 12 percent and rising. The ruble is worthless, sometimes depreciating a percent-

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age point per day. The massive loan scandal currently unraveling in Russia has already dried up international aid and promises to make things much worse.

For Russians, NATO's air war over Serbia — conducted with a sometimes patronizing nod to Moscow — was another indication of how weak their country has become. A decade ago, the Red Army guarded a global empire. Today, it begs for supplies from former enemies: The Russian brigade that raced into Pristina was reduced to asking British troops for water, food, and fuel. This underscores an important truth. Moscow didn't want to fight for Kosovo, and probably couldn't even if it had wanted to. Despite all its threats and warnings and surprises, Moscow's conduct during the Kosovo war amounted to little more than bluster, a distraction and an annoyance but ultimately only a sideshow to the main event.

Even so, the episode underscored that NATO's enduring and primary mission is to keep an eye on the Russians. Indeed, one of Kosovo's silver linings may be the growing recognition among Western leaders that Russia is not a partner — at least not yet.

Lessons learned

LIKE THE NORTH ATLANTIC TREATY itself, which was forged as Stalin consolidated the Soviet hold on Eastern Europe and attempted to destabilize Western Europe, NATO's revised mission statement is as much a product of fear as hope: While the Alliance hopes that Russia will become a responsible member of Europe, it fears a replay of the Kosovo surprises or worse, the return of some form of Cold War. And while the Alliance hopes that Europe's two halves can be brought together peacefully, it fears that instability in the East will infect the West. NATO saw that happen in its first post-Cold War challenge, sitting idle while the United Nations, European Union, and Organization for Security and Cooperation in Europe all failed in the former Yugoslavia.

While there is plenty of blame to go around for the debacle in Croatia and Bosnia, European leaders made a critical mistake early on by attempting to end the war apart from NATO, and two American presidents made a critical mistake by letting them try. Luxembourg's foreign minister, Jacques Poos, who called the war in Yugoslavia "the hour of Europe," typified Western Europe's attitude at the onset of hostilities. The Europeans saw in the Balkans a chance to prove their cohesiveness and maturity, a place where they could showcase what they had learned during the Cold War. And in an ironic way, they did just that — by reminding both sides of the Atlantic of what happens when the United States doesn't lead in Europe.

As historian William Pfaff observes, the Europeans were "unable to act collectively and refused to act individually. . . . The existence of the European Community and of the United Nations," Pfaff wrote in *The*

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Wrath of Nations, "actually proved an obstacle to action, by inhibiting individual national action and rationalizing the refusal to act nationally."

As the casualties mounted in Bosnia, the finger-pointing began in Brussels. Some blamed Germany for prematurely recognizing Slovenia and Croatia, which accelerated Yugoslavia's inevitable dissolution. Their blame was misplaced: Yugoslavia would have come unglued with or without Helmut Kohl's blessing. Indeed, one could argue that earlier recognition by Washington may have given the Serbs pause.

The Americans criticized Europe for lacking the clout needed to keep the peace. The Europeans blamed Washington for lacking the will to join them. Both sides were right: Europe was unable to keep the peace in its own backyard. Dozens of empty threats and scores of meaningless cease-fires revealed the limits of European power. On the other side of the Atlantic, the Clinton administration's failure to give the Europeans firm assurances that the U.S. would protect and reposition peacekeepers sent a signal that Washington was taking Poos at his word.

The revised mission statement is as much a product of fear as hope.

Exasperated, a handful of NATO members called for air strikes. Others warned that air strikes would put the peacekeepers at risk. When the pinprick air attacks finally came, they were haphazard and fettered by the U.N.

The Americans and Turks then roiled the rest of the Alliance by proposing to arm the outgunned Bosnian Muslims. Washington ultimately did just that, covertly subcontracting Iran for the job and thereby exposing Western Europe's backyard to Islam's most radical force. (Europeans still bristle over Clinton national security advisor Anthony Lake's short-sighted policy gamble.)

Not only was Yugoslavia coming apart, so was the West. And one of the central reasons was NATO's — and hence, America's — limited role in the effort to restore peace. As Pfaff notes, Europe's failure and America's acquiescence dealt a brutal blow to the idea that "democracies possessed the capacity, or the will, to enlarge that zone of pacification and cooperation created inside the western political community. It even raised the question of whether that achievement would last."

Indeed, it could be argued that after four years of inaction, 250,000 deaths, and 2 million refugees, NATO finally summoned the will to intervene in Bosnia not for Sarajevo's sake, but for its own preservation. When NATO finally broke loose from the U.N. command structure and took the lead role, the West came together and the Bosnia war rapidly ended. The reluctant Americans and the overly ambitious Europeans had relearned a valuable lesson: As Margaret Thatcher once said, "Europe separated from the U.S. is unequivocally a bad thing."

Not surprisingly, it took just months for the Alliance to agree to intervene

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in Kosovo, a Connecticut-sized swath of Yugoslavia. While Kosovo itself may be of little importance to the United States, stability in Europe and cohesiveness in NATO are of vital importance, and have been since the end of World War II. Both were threatened by the open wound Kosovo had become — and by the possibility of another draining ethnic war in the center of Europe. In this sense, NATO's air war on Serbia could be viewed as an act of preemptive self-defense, the organization's way of protecting itself from the corrosive effects of another Bosnia.

Kosovo as mid-life crisis

If NOTHING ELSE, Operation Allied Force should put to rest the running argument about NATO's relevance. At middle age, NATO proved it was not only relevant but essential to keeping the peace in Europe. NATO's interwoven humanitarian-military-diplomatic operation in and around Kosovo was staggering in its proportions and historic in its results.

If the Allies were surprised by the speed of Milosevic's ethnic blitzkrieg, they were by no means unprepared. NATO had pre-positioned 36,000 tons of food, 13,000 troops, and 400 aircraft in the region. More of each would quickly pour in. During Allied Force, the Alliance would feed, house, and clothe 850,000 people for three months, and then lead them home. In fact, as *Jane's Defence Weekly* observes, "Kosovo is the only case in modern history where a systematic removal of ethnic groups has been reversed."

To achieve that end, the Alliance launched some 38,000 sorties and dropped 26,000 bombs or missiles, with only two combat losses and just 20 incidents of collateral damage. Anthony Cordesman, a senior fellow at the Center for Strategic and International Studies, termed the U.S.-led air war "an amazing tactical and technical achievement."

As NATO pilots went to war above tiny Kosovo, NATO diplomats quietly bolstered the governments within reach of Milosevic's armies, likewise achieving impressive objectives. Even as Belgrade tried to destabilize the entire region with waves of refugees, threats, and a handful of failed air raids into Bosnia, NATO responded with a promise of protection. Smothering the regional powder keg Milosevic hoped to ignite, the Alliance gave written assurances to Serbia's neighbors that they would be protected in the event of Serbian cross-border incursions. "Your security," wrote NATO Secretary General Javier Solana in an extraordinary letter to the governments of Bulgaria, Albania, Macedonia, Romania, and Slovenia, "is of direct and material concern to the Alliance."

A statement made just days later took the Alliance even further and brought Europe's two halves closer together than they had been in perhaps 60 years: "The security of all NATO member states," intoned Solana, "is inseparably linked to that of all Partner countries," a reference to the 25

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East European and Eurasian states that cooperate with NATO on political and military matters. NATO backed up the words by deploying some 12,000 additional troops to the Balkan region. According to Gen. Clark, this "dramatically changed the security environment and the sense of confidence of the government of Albania."

NATO moves eastward

KOSOVO IS HARDLY Eastern Europe's only ethnic minefield. As Sen. Daniel Patrick Moynihan observed, "Yugoslavia's may be the war of the future: one waged between different tribes, harboring centuries-old grudges about language, religion, and territory, and provoking bitterness for generations to come." That description applies to many of Eastern Europe's peoples. Millions of Russians, Poles, Romanians, Bulgarians, and other ethnic minority groups live outside the borders of their parent countries, setting the stage for other ethnic wars, launched by other dictators, in the name of other hatreds.

NATO diplomats quietly bolstered the governments within reach of Milosevic's armies.

Through expansion and early intervention, NATO hopes to deaden or at least isolate these hatreds and the conflicts they spawn. "An important aim of the Alliance," concluded NATO leaders at the Washington Summit, "is to keep risks at a distance by dealing with potential crises at an early stage." While NATO failed to do this in Bosnia and certainly could have acted earlier in Kosovo (2,500 Kosovars were killed *before* Operation Allied Force began), it has cleared a number of other ethnic minefields with dispatch and foresight.

Not only did Allied Force prevent Milosevic from smothering Kosovo, it diminished longer-term threats to the Alliance posed by future Balkan wars. Some observers wondered why so much of NATO's bombing early in the Kosovo War was concentrated on bridgework and roadways far north of Belgrade. The answer may be as simple as the ethnic makeup of northern Yugoslavia, which is populated by half a million ethnic Hungarians. Their parent country shares a border with Serbia and is one of NATO's newest members. By cutting the main arteries between that region and the bulk of the Serbian army, NATO effectively forestalled a Kosovo-style crackdown, which might have destabilized Hungary and thus hobbled the Alliance. (In fact, Serbian troops bombed a town inside Hungary's borders during the Bosnian-Croat phase of Milosevic's nine-year war.)

Montenegro, Yugoslavia's defiant junior republic, is edging toward independence. If Milosevic is still in power when Montenegro finally cuts itself

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loose from the carcass that is Yugoslavia, another Balkan war could ignite. But owing to NATO's forward-looking decision to limit air attacks in Montenegro, Yugoslavia's seaside province emerged from the war squarely against Belgrade and behind NATO. Should Belgrade move on Montenegro, NATO's response promises to be even more rapid than it was in Kosovo, a fact of which Milosevic is well aware. According to Clark, "Milosevic has been warned on many occasions and in many different ways that the strains between Serbia and Montenegro must be peacefully worked out." Milosevic may take such a warning more seriously this time because of NATO's show of resolve in Kosovo.

Just days before the bombs fell on Kosovo and Serbia, NATO added three members from across the invisible East-West divide — Poland, the Czech Republic, and Hungary. The region is reaping the benefits of their membership: As a precondition of joining NATO, Hungary had to iron out long-standing problems with Romania, as did Poland and Lithuania. The mere possibility of NATO membership prompted Romania to settle territorial and ethnic disputes with Ukraine. The same is true for Albania and its improved treatment of Greek minorities.

NATO nations are crafting a latter-day Marshall Plan for Southeastern Europe.

The practical value of cooperation between NATO and East European states — and indeed the effectiveness of NATO's influence — became apparent after the Kosovo war, as Russia tried to reinforce its presence at the Pristina airport. In an unprecedented display of solidarity — based not on ethnic similarity or political intrigue, but on the pursuit of justice and peace — NATO aspirants Romania and Bulgaria joined NATO members in denying overflight rights to Russia's massive Ilyushin transport jets, thus preventing Moscow from springing another surprise on the Alliance.

With the war and its many surprises now behind them, NATO nations are crafting a latter-day Marshall Plan for Southeastern Europe, promising to bring peace and stability to a region in desperate need of both. In effect, NATO is prepared to do in Eastern Europe in the twenty-first century what it did in Western Europe in the twentieth century.

The limits of NATO

SOME SCOFF AT NATO'S eastward lurch as an attempt to recreate the Alliance. Neither Bosnia nor Kosovo borders the Atlantic Ocean, they say. Nor does Poland, the Czech state, or Hungary. But nor do long-time NATO members Turkey, Italy, or Greece. Yet NATO protects all of them in one way or another, extending a zone of stability far

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beyond what Lord Ismay could have envisioned 50 years ago.

Even so, when viewed through the lens of NATO's founding document, NATO expansion and the Kosovo intervention itself make strategic and historical sense. The North Atlantic Treaty calls on signatories to "promote stability in the North Atlantic area." NATO's founders purposely left this area undefined, allowing it to expand as necessary. As the Alliance grew from a cluster of nations bordering the Atlantic Ocean into a wide swath of the northern hemisphere, eventually stretching across three continents and encompassing 780 million people, NATO's ability and responsibility to stabilize Europe expanded accordingly.

Turkey was added even though it had more in common with the Middle East than Western Europe. Germany joined even though it had gone to war against most of the Alliance just nine years earlier. Spain was invited into the club of Atlantic democracies despite its questionable commitment to democratic values. Each new member took NATO into uncharted geographic or political territory, but the new members, the Alliance, and the continent were rewarded for taking those risks.

NATO governments need to learn how to fight war and keep peace by committee.

If Kosovo is such a risk and a portent of things to come, then the Alliance must tackle some serious challenges.

First, NATO governments need to learn how to fight war and keep peace by committee. Gen. Klaus Naumann, the retiring chief of NATO's military committee, noted, "We need to find a way to reconcile the conditions of coalition war with the principle of military operations such as surprise and overwhelming force. We did not apply either in Allied Force, and this cost time, effort, and potentially additional casualties."

Indeed, Allied Force's initial target list of thousands was chopped down to hundreds by NATO's less-hawkish members, which lengthened the war. In the first hours of the war, Greece called for a bombing pause. Italy was quick to follow, giving Milosevic good reason to believe the Alliance would crack if he held out long enough. Taking their cues from President Clinton, every NATO leader but Britain's Tony Blair promised not to mount a ground invasion, allowing Milosevic to disperse his forces and accelerate the purges. In fact, German leader Gerhard Schröder publicly dismissed Britain's suggestion of a ground invasion. And Hungary flatly rejected the use of its territory in a ground assault.

If changes aren't made, disagreements over tactics and procedures could paralyze future NATO commanders and doom NATO's next intervention in the East. As former national security advisor Zbigniew Brzezinski observed, "The Normandy landings never could have been carried out under the procedures NATO followed in Kosovo."

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Second, if NATO is to be successful in stabilizing Eastern Europe, its European members must begin to devote more resources to their militaries. The American people will quickly lose patience with expensive and dangerous mini-wars if it appears that the West Europeans are not pulling their weight. And if the West Europeans fail to invest in advanced technologies, they will have no other alternative or role in Eastern Europe than underwriting the Americans.

A recent study by the *Economist* revealed that only 10 percent of Europe's combat aircraft are capable of precision bombing. This is perhaps unsurprising given that among NATO's 19 members only Turkey, Greece, Britain, and the United States routinely devote 4 percent or more of GDP to defense. Of course, even that is misleading since most defense spending in Turkey and Greece is focused not on stabilizing Eastern Europe, but on preparing to fight each other.

Asymmetry of military power was evident throughout the war in Kosovo.

This asymmetry of military power was evident throughout the Kosovo war. Over 65 percent of the aircraft participating in the war were American. The imbalance is even more pronounced when only combat sorties are considered. Indeed, only eight nations flew combat missions. As Lt. General Michael Short, the key planner of the air war, bluntly concluded, "we've got an A Team and a B Team now."

Even so, NATO's European members are making strides on the ground. In Bosnia, for example, Americans accounted for over one-third of the total ground force. In Kosovo, however, the U.S. is contributing only 15 percent of the 43,000-man peacekeeping force, with the Europeans contributing the rest.

Finally, NATO members also must practice what they preach and temper their own nationalist instincts. Greece, with old ties to Serbia and long-standing distrust for Turkey, blocked Turkish planes from crossing Greek airspace. Remarkably, the Greek government also temporized about granting docking rights to U.S. troop carriers. The Greeks ultimately allowed the Marines to land, albeit grudgingly.

National pride seeped into NATO's military structure as well. It is now known that NATO's military chief, Wesley Clark, and NATO's Kosovo peacekeeping commander, Michael Jackson, came to verbal blows over Russia's surprise advance into Kosovo. When Clark ordered Jackson to deploy a British helicopter assault team to block the Russians at the Pristina airport, the British general refused, effectively leaving Clark with an unpalatable choice between firing his ground commander on the eve of ground operations or awkwardly rescinding the order. Underscoring the limits of NATO solidarity, Jackson ended the dispute — and perhaps Clark's NATO career — with a terse and chilling rejoinder: "I'm not going to start World War III for you."

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The result of such internal disputes was a war that took weeks rather than days to finish, and a peace that almost was lost.

Clearly, there are strains within the Alliance and challenges yet to face. Another round of expansion looms; new ethnic conflicts simmer; Western Europe must come to grips with bigger defense budgets; and Moscow still needs basic reform. But a U.S.-led NATO ought to be able to meet these challenges. And that's certainly preferable to the alternative — trying to tackle Europe's many problems without NATO.

NATO's Sicily?

THANKFULLY — for NATO and for Europe — Kosovo wasn't Normandy. But if the Alliance draws the right lessons from Kosovo, as it did from Bosnia, it could be NATO's Sicily.

The result of such internal disputes was a war that took weeks rather than days to finish, and a peace that almost was lost.

In July 1943, 450,000 British and American troops squared off against just 60,000 Germans on the island of Sicily. Though hampered by mass desertions within the Italian Army, the Nazis held the island for over a month.

The Allies, while backed by a vast naval and air armada, failed to coordinate their attacks. In his weighty history of World War II, *A World at Arms*, Gerhard Weinberg heaps criticism on the Allies for the "horrendous errors" made as a result of poor coordination between Allied air and naval commanders. Naval guns were fired haphazardly, diluting their effectiveness. Hundreds of paratroopers drowned or were gunned down in the resulting chaos and friendly fire. In fact, as Weinberg noted, "airborne forces suffered as much from Allied as from Axis fire." Those who survived were dropped miles from their target landing zones, rendering them combat-ineffective. Spread across Northern Africa and the Mediterranean, and riven with personality conflicts, the Allied command ultimately allowed the Germans to evacuate the bulk of their army across the Messina Straits and onto the Italian mainland.

The British-American force that invaded Sicily, like the NATO air armada that pounded Serbia, miscalculated everything from the enemy's motivation and tenacity to its own military capabilities. The parallels to NATO's Kosovo war don't end there: By the end of the Sicily campaign, an American general and a British general — back then, it was Patton and Montgomery — were at each other's throats. The time and place may have changed, but the nature of coalition warfare has not.

Gen. Omar Bradley would later say of the invasion: "Seldom in war has a

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major operation been undertaken in such a fog of indecision, confusion, and conflicting plans." Allied generals squabbled over timing, strategy, who was in charge, and who was to blame. But they never disagreed on the objective. After 38 days and 20,000 casualties, the Allies liberated Sicily, paving the way for the invasions of Italy and France, the liberation of Europe, and the end of the war. But that would be two years away.

The invasion of Sicily was not perfect, but as one World War II chronicler wrote, "If nothing else, it demonstrated that there was homework to be done." What the Allies learned in Sicily was critical to their success at Normandy. They had their troubles, but they won the battle. And then they won the war.

If NATO does its work and remains united, it will stabilize the East and realize its noble vision of a Europe "whole and free." But that is a long way off. On June 16, just days after NATO troops gingerly entered Kosovo, a British brigadier general let a group of Western journalists in on a military secret: "It takes time, patience, and courage to clear a minefield." The general's assessment could just as well apply to NATO's role in Eastern Europe, where the Alliance has planted its banner and staked its future. NATO's new mission statement is taking the Alliance into uncharted territory, littered with diplomatic, historical, and actual minefields. It will take time, patience, and courage to clear them.

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BOOKS

Of Bulls and Bubbles

By HOLMAN W. JENKINS JR.

EDWARD CHANCELLOR. *Devil Take the Hindmost: A History of Financial Speculation.* FARRAR, STRAUS & GIROUX. 386 PAGES. $25.00

JAMES K. GLASSMAN & KEVIN A. HASSETT. *Dow 36,000: The New Strategy for Profiting from the Coming Rise in the Stock Market.* TIMES BOOKS. 294 PAGES. $25.00

WHAT IS A STOCK market bubble, and does the doubling of the Dow Jones Industrial Average from November 1995 to March 1999 (when it first closed above 10,000) represent one? The question is closely allied to another: How are stock prices made?

These questions have been much on the minds of Americans, not to mention on the mind of Fed Chairman Alan Greenspan, who has gotten a great deal of free advice from the *Economist* in London urging him to pop a Wall Street bubble of "historic proportions." Greenspan has rightly rejected the advice. He has concluded that a bubble can only be recognized in retrospect — that is, after prices fall. A bubble, then, is nothing more than an optimistic prediction about the future that proves wrong.

Behind the Greenspanian view lies a theory about how stock prices are set: the intrinsic value school. Stocks are always priced to deliver what a reasonable person would consider a reasonable rate of return in light of reasonable assumptions about the future. Invariably, though, our knowledge of the future is not great. John Maynard Keynes described investing as the "act of forecasting the prospective yield of assets over their whole life." An auto factory or the Coke brand name or Microsoft's market power might have a lifespan of five, 10, 20 years or infinity. Prediction does not have a very good reputation over such periods. If the value of an investor's portfolio depended on how well he could forecast the future, we'd all be broke.

So maybe a bubble isn't a real category at all. When a market rises sharply, how do we know the previous despair wasn't "irrational" and the new, higher valuation a return to common sense? The market for stocks always brings out bulls and bears. Elaine Garzarelli called the 1987 market crash, gaining a reputation as a seer on the statistically questionable assumption that one instance represents a valid sample. Merrill Lynch's chief equity strategist, Charles Clough, for the last three years has been a bear, during which time the Dow has risen mightily. So what? To predict something inherently unpredictable is a

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meaningless accomplishment.

Yet consider this: Despite the utter failure of stock market prediction, stocks have consistently produced positive returns over time. There is an excellent reason for this. The constant effort to set a price with the available information drives corporate managers to adopt policies aimed at producing a return for shareholders. Participants in the stock market may be lousy at predicting the future, but the market itself *creates* the future.

EDWARD CHANCELLOR is a believer in the existence of bubbles — in his definition a prolonged deflection of asset prices from what any informed person would consider their intrinsic value. He has written a very good book, *Devil Take the Hindmost: A History of Financial Speculation*, to argue a case of very limited validity.

A former bond trader, he maintains that bubbles happen when "speculators" displace "investors." If investors are "forecasting the prospective yield of assets," writes Chancellor, quoting Keynes, speculation is "the activity of forecasting the psychology of the market."

You can readily see the problem: Investors and speculators are distinguishable only by whether the author has decided in retrospect that a given market was a bubble. He tries to show, contra Greenspan, that bubbles are recognizable even to their participants. During London's famous South Sea bubble of 1720, much of the British landed and commercial elite spent their time speculating on the splendid prospects of trade with Latin America. The South Sea company's own secretary complained that punters had little real confidence in the firm's future but hoped to "get rid of [their shares] in the crowded alley to others more credulous than themselves."

This is known today as the "greater fool" theory, and the problem is that it defines every market. Whoever sells a stock believes the stock is overvalued at current prices, so every buyer is something of a fool from the seller's perspective. At any prevailing price, half the potential market must still believe the price will go higher, or the prevailing price wouldn't be the prevailing price. Investors may be woefully uninformed when the information doesn't exist, such as information about how unsuccessful British entrepreneurs would prove at extracting value from the gold mines of Peru and Mexico. But again, we're left suspecting that "bubble" is a term Chancellor could apply to any market in retrospect after it has fallen sharply.

If that's all there were to it, "speculation" would have done no more damage than to provide a pastime for gamblers and useful information for everyone else. What makes great market collapses memorable is the larger than usual transfers of wealth involved.

Consider the great boom in railway shares in Britain in the 1840s. As Chancellor describes it, the boom and collapse not only depleted the wealth of many individuals, but cut briefly into the capital available for normal trade and finance. As it must, the money passed into someone's hands — first to the railroad companies whose shares were floated on the London market; then to the navvies, railmakers, sawmills, and locomotive manufacturers. The overbuilding of railroads

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meant that few could earn back a return commensurate with the capital put into them, yet one might hesitate to conclude that there was net wealth destruction. Britain ended up with an extensive railway system ahead of other industrializing nations. Even if the building was done inefficiently, the gains to the economy were rather large.

Much the same could be said of the recent boom in Internet stocks, which also strikes Chancellor as having bubble-like properties. Few of the "dot-com" companies into which investors have poured millions of dollars of capital may live to pay them an adequate return, but some entrepreneurs and investors have gotten very rich by choosing a judicious moment to convert to cash. The nation has also set the pace on trying out new Internet business models, and presumably will benefit enormously from the experience gained by the tens of thousands of engineers, entrepreneurs, and web designers who have acquired human capital in a new industry.

The greatest bubble of all, Japan's in the late 1980s, was deliberately pricked by central banker Yasushi Mieno, who believed the wealth transfer had become socially pernicious. Since then, Japan has endured a decade of static incomes, yet employment has held up surprisingly well. During the bubble years, Japan created a great deal of new capital in the form of factories, office buildings, and golf clubs, much of it yielding sub-market or even negative returns. No problem. As long as you don't force lenders to liquidate bad loans, the cost is spread widely across society in the form of stagnant incomes and falling prices for output, rather than narrowly in the form of bankruptcies, mass layoffs, and liquidations. One cheer for socialism: The downside was 10 years of stagnation rather than a sharp liquidation followed by renewed growth.

Chancellor details many other such sudden, willing transfers of wealth and their aftermath — the Dutch tulip mania of the seventeenth century being the prototypical case. But why do investors — all right, call them speculators — make capital available beyond any prospect of a long-term yield? Chancellor avoids committing himself on the common properties of bubbles, which might otherwise raise doubts about corralling so many diverse occasions under a common heading. In some cases, a prediction about the future simply proves wrong. Consider the case of British railroads. As Chancellor notes, the enthusiasm for railroad shares didn't even contemplate that the main business of railroads would be hauling freight. Railroads were deemed a way of moving people around, so investors were surprised

Chancellor avoids committing himself on the common properties of bubbles, which might otherwise raise doubts about corralling so many diverse occasions under a common heading.

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when the most efficient use of railroads turned out to lie concentrated along the arteries of the rapidly expanding manufacturing industries.

Again, look at today's enthusiasm for the Internet. As Peter Drucker recently pointed out in the *Atlantic Monthly*, investors have only the vaguest idea of the Internet's real potential. Like most technologies, it is conceived first as a better way of doing what is already done. True technological revolutions come into their own when they give rise to industries that their inventors and financiers never envisioned. Everyone seems to have concluded the Internet will be the broadband route for communications and entertainment services like those we already have. The chances are good that the true "killer application" of the Internet has not yet been revealed.

The fact that a grim view of the future displaced a rosier one doesn't mean the market was a bubble. As Keynes once said, "When the facts change, I change my mind."

Chancellor errs by lumping many bear markets together under the bubble heading. As conventionally told, the Great Crash of 1929 was a tale of greedy, short-sighted Wall Street lending money to saps to purchase shares at exorbitant prices. Chancellor points to the rise of so-called "margin" debt and the high valuations acquired by the supposedly maturing auto and electrical appliance industries to suggest prices had taken leave of reality. But 1929 actually lasted until 1933, when the market finally bottomed out, down almost 90 percent. During this time the Federal Reserve destroyed credit on a massive scale. Banks collapsed by the thousands, and not because of share losses but because panicky depositors withdrew their funds. There was no federal safety net, so it would be hard to argue that a systemic bias toward financing a bubble existed.

On the other hand, losing 90 percent of its value might be considered a rational market response to sustained and destructive economic policy -- at the Federal Reserve, in the Congress that passed the Smoot-Hawley tariff, and in the tax hikes of the Hoover and Roosevelt administrations. The fact that a grim view of the future displaced a rosier one doesn't mean the market was a bubble. As Keynes once said, "When the facts change, I change my mind." So do investors in the stock market.

There are, however, some bubbles that any reader will recognize as "bubbles." And they do have something in common beyond a rise in asset prices. That's debt, and this fact should forever dispel the notion that bubbles are irrational.

As long as you are betting someone else's money, why not run up the pot and keep rolling the dice? Take the classic explosion of Dutch tulip futures. Bad information — a mistaken idea about the heritability of acquired char-

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acteristics in virus-damaged bulbs — played a role in making tulips a speculative object. But what mattered most was that the market for bulbs was a winter phenomenon, with delivery — and payment — in the spring. Participants were able to get in on the game merely by signing their names to a piece of paper. We know that individuals are vastly different in how they discount the future, and speculating with borrowed money is tantamount to a one-way bet if you happen to discount the future enough. With rumors of the Black Death approaching Amsterdam, it was not unreasonable to take a short view of the future.

It also takes a willing creditor, of course, in this case the sellers of tulip bulbs who accepted a signature in lieu of cash. But why not accept a seller's IOU for a bulb that will remain in your possession and serves no useful purpose in the meantime? In the true bubbles detailed by Chancellor, the element of other people's money plays a role. A perfect Chancellor bubble was the Kuwaiti Souk al Manakh crash of 1982. Again, "investors" were playing with signatures, this time on post-dated checks traded back and forth for Kuwaiti stocks, causing the notional prices of the stocks to rise. When the game crashed, it did so because one participant insisted a bank honor a check with cash. Even so, the government made the banks whole, a favor the banks were sure to pass on to their well-connected customers.

Bubbles fostered by costless credit present rational investors with a dilemma, since the opportunity to profit can be huge provided you have a keen nose for when to get out. Much of the Japanese elite stopped whatever they were doing in the 1980s to play the market with money obtained virtually free from the banking system. At companies like Toyota and NEC, the profits generated by the corporate treasury exceeded the profits generated by factories. Politicians were encouraged to take a benign view of such activities with free gifts of shares. Not to have availed oneself of the opportunity would have been the rankest irresponsibility.

The same phenomenon was seen in the U.S. savings and loan debacle in the 1980s. A banker who didn't match the generous rates offered by his most reckless competitor would see his deposits flee, and what choice was there but to direct money to speculative projects in hopes of recouping the funds with which to pay back the depositor? If you win, you keep the profits. If you lose, the government ultimately takes the loss. And so it proved for many large-scale stock and real estate speculators in Japan, some of whom remained happily in business for years despite a net worth in the negative billions.

MONEY BEING fungible, the presence of credit in the financial system always means that credit is financing the purchase of stocks. Today, the Securities and Exchange Commission doesn't even pretend to have a handle on margin debt. Any form of consumer debt — credit card debt, home equity loans, car loans — can feed the market if it frees up other funds for investing. But the existence of lending alone does not make a bubble. It depends on the incentive: Are lenders giving money to people who deeply discount the future and think they'll never have to pay it

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back? Presumably credit research aims at screening such people out. The home equity loan is secured by the house. The car loan is secured by the car. Financing your lifestyle on a credit card while channeling your income into the stock market may be a formula for personal disaster, but it is not a formula for a stock market bubble.

The question we might really want to think about is range: Why are stock prices so volatile? The answer is that small changes in expectations about the future have a powerful effect on stock prices. What would be the market value of GM if it were expected only to break even and never to make any profits to distribute to shareholders? Apart from the real estate and equipment, something pretty close to zero, despite $160 billion in annual auto sales. Now imagine that GM earns a dollar a share in profits each year. Even at the low valuations currently accorded to auto companies, GM would have a market price of $10 a share, and total value of the company would reach $6.5 billion. If profits rose to two dollars, GM would be worth $13 billion. And what if instead of remaining flat, profits were expected to compound annually at 10 percent a year? Profits would double every seven years, and so would the share price. That expected doubling would have to be reflected in GM's present price.

In other words, an awful lot depends on the assumptions you make about that mysterious place, the future. This is the lesson of James K. Glassman and Kevin A. Hassett in their book, *Dow 36,000*. They preach that investors have systematically underrated the chances of America's large companies delivering rising earnings in the future. By their calculation, the Dow *today* should be worth three times its current price.

Some see their book as evidence that bubble psychology has taken over, but their argument is anything but speculative. In fact, you can find many respected Wall Street money managers making a far more speculative argument: That stock prices are bound to rise because baby boomers need to fill their retirement accounts. This is nothing but updated greater-fool theory: Buy shares because others are buying them, not for the profit-generating potential of the assets.

Far more cerebrally, Glassman and Hassett conduct an inquiry into how stock prices are set, starting with the assumption that the benchmark for all valuations is U.S. Treasury debt. Why? Because it is a big, liquid market and presumably tells us something about how a broad range of investors feel about risk and return. Buy a 30-year Treasury bond for $1,000 today, and you will receive $1,000 in 30 years plus accumulated interest payments. Bonds come with risks — the risk that the government will default or that inflation will destroy the value of the payments. For bearing these risks, investors are (at this writing) willing to accept $60.59 per year.

The first thing to notice is that you can't rationally explain investors' risk-return preference — it just *is*. Nonetheless, Glassman and Hassett argue that because bond investors are willing to accept this return, stock investors should be willing to pay three times current prices for a diversified portfolio of large-capitalization stocks. Nor can you argue with their reams of

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data showing why: Over any period in U.S. history of 15 years or more, such a portfolio has yielded a higher return than Treasury bonds.

This is all you really need to know, though the authors commit a great deal of accounting to support their argument. Whereas bonds pay a fixed return, corporate dividends are free to grow and shrink — but on average have grown 6.2 percent a year since mid-century. After 30 years, $1 in dividends becomes just over $6. Yes, for tax reasons companies nowadays channel more of their profits into share buybacks than dividends. And some companies pay no dividends at all but reinvest the money themselves. This is a matter of indifference to the shareholder as long as the money is reinvested to create future profits.

A skeptic might object that at least the bond investor knows what he's getting, because the government has made a legal commitment to pay the stated interest and principle, even if the investor doesn't know what inflation will do to the real value. All a stock investor has is a "best-efforts" promise from management. The stock investor can never be sure his investment won't be wiped out in a bankruptcy liquidation because of corrupt or incompetent management. This is why stock investors have traditionally demanded a "risk premium" — because stocks come with this inherent uncertainty about how much and whether the investment will pay.

But it's also more complicated than that. The bond investor is a voter and takes some comfort that politicians draw a connection between their own fortunes and keeping the bond market happy. These feedback issues are equally important for the stock market. If Glassman and Hassett are correct, the risk premium for stocks is shrinking as investors begin to accept the strong likelihood of companies generating higher earnings in the years ahead. Why have investors done so?

The authors argue, in effect, that investors have read their book before it came out. Investors are gradually learning that stocks are not all that risky despite the lack of a guaranteed payout, and eventually the Dow will reach what the authors call the PRP — "perfectly reasonable price" — of 36,000.

Investors are gradually learning that stocks are not all that risky despite the lack of a guaranteed payout, and eventually the Dow will reach the "perfectly reasonable price" of 36,000.

The authors are tautologically correct about one thing — the risk premium has declined as share prices have risen faster than the growth in corporate earnings. But I doubt many investors have been studying the 100-year stock tables. I doubt many even look at the prospectuses of mutual funds or pay attention to what their fund managers are buying. Nor apparently have investors stampeded blindly into stocks because of a belief that

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stocks can never fall. At this writing, the average New York Stock Exchange company is down 20 percent from its high, and a large percentage of mutual funds reported a loss in the third quarter. Yet panic is conspicuously absent. Indeed, many of the voices that have complained of a bubble are still complaining, oblivious to the selloff.

Most investors have learned to trust the market. They trust the market to price stocks realistically from one day to the next, and they understand that today's fluctuations will fade into insignificance against the long-term trend.

This puzzle is easily solved. Most investors have learned to trust the market. They trust the market to price stocks realistically from one day to the next, and they understand that today's fluctuations will fade into insignificance against the long-term trend. The market has become efficient not merely in capturing the latest information — the latest information being of little real comfort against the uncertainties of the future — but efficient in making sure assets are managed to produce an acceptable "yield over their whole life."

The authors claim that the risk premium has declined because stock performance over the years has been better than the risk premium would have suggested. But this misses a key point: Even when stocks perform well, risks are still being borne. I would argue that the risk premium has declined because the actual risks have declined.

THE MARKET now swiftly and sharply disciplines corporate managers, as we see when earnings reports fall below expectations. If the "risk premium" for stocks has already shrunk appreciably, a good reason is the elimination of the risk of entrenched incompetence in management. With the takeovers of the 1980s and the rise of activist fund managers in the 1990s, corporate executives are being held far more accountable for maximizing the yield of the assets under their control. Notwithstanding the unsightliness of executives earning very large rewards sometimes for just getting out of the way, the use of stock options, golden parachutes, and other large payments to control the behavior of CEOs has solved a problem that has persisted since the beginning of corporate capitalism: how to make sure managers behave responsibly toward owners.

The watershed moment came in 1992; within weeks, both IBM and GM underwent boardroom coups in response to sagging share prices. Size was no longer a protection from accountability. The remarkable thing today is how quickly the market identifies trouble and forces corrective action. Boeing, McDonald's, and Disney are all recent cases in point. Even cases of outright accounting fraud

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at companies like Cendant, Sunbeam, and Oxford Health Systems prove the point. These were complex acts of self-deception by management, in which management was the biggest loser through its own stock options, and the market forced strong action the moment the problems came to light. Remember the 1970s and 1980s, when companies like Chrysler, LTV Steel, Pan Am, TWA and other famous firms landed in bankruptcy or flirted with it? Large, publicly-listed companies almost never land in Chapter 11 anymore, except as a calculated ploy to protect themselves and their shareholders from class-action lawsuits.

Nor is this the only way in which risk has decreased. As more and more voters measure their well-being in terms of the S&P 500, the logic of instant accountability is being extended to government. James Carville complained that the early Clinton administration found its spending urges tightly restrained by the financial markets. In all likelihood, Social Security reform will allow workers someday to divert part of their payroll taxes into stock funds. That will broaden further the constituency for policies favorable to the stock market. Another whole category of risk will increasingly be excluded from the stock market — the risk of incompetent government.

The claim by Glassman and Hassett to have found a new value for the Dow is a wonderful marketing gimmick, but it is the least important part of their book. The authors are certainly right that Americans have gotten over their fear of the stock market — because the stock market works better than it used to. For investors, it has become safe to buy, hold, and forget.

Rails of Progress

By Mark Bowden

David Haward Bain. *Empire Express: Building the First Transcontinental Railroad.* Viking. 775 pages. $34.95

Faith in human "progress" has taken quite a beating in the twentieth century. The supposed progress of ideas brought us communist and fascist totalitarianism, genocide and mass murder. Technology, the wonder of the modern age, led us to weapons so powerful we had to ponder mass nuclear suicide. What was, a hundred years ago, the triumphant march of Christian civilization has been debunked as imperialism; the "white man's burden" toward the "savage" races as racism. The truly disturbing insight of Charles Darwin, which has taken more than a century to sink in, is that evolution is not progress up higher and higher rungs on a ladder of being but a constant struggle to survive a random, ever-changing, unforgiving world.

Mark Bowden is the author of Black Hawk Down *(Atlantic Monthly Press), a finalist for the National Book Award. His book* Bringing The Heat *will be published in paperback in January, also by the Atlantic Monthly Press.*

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Who is really prepared to argue that the terrible missteps and profound tragedy of recent history are behind us now? Even when the news is good, the guiding spirit of our age is cynicism, and irony is its expression.

With that in mind, it is useful to take a look at one of the great engineering feats of the nineteenth century, when progress was taken as a matter of faith. David Haward Bain has written an encyclopedic account of the building of the first transcontinental railroad, a fascinating case study of belief in progress put into action.

The Credit Mobilier *affair really just hinted at the trail of political payoffs that sent the Union Pacific westward and the Central Pacific eastward.*

At the close of the Civil War, determined entrepreneurs on distant coasts of North America dusted off an old dream and set to work building a railroad that would tie the newly-affirmed union together. At that time, goods transported from San Francisco to New York and other Eastern ports had to travel by sea down to the Isthmus of Panama, then roll overland to the Atlantic Ocean before sailing up the East Coast. Traveling over land from coast to coast was a treacherous and grueling months-long wagon trek immortalized in American literature for its hardship. Connecting the two coasts by rail was a great idea, one of the defining acts of our history. It put cutting-edge technology at the service of the American people. It banished the very idea of America as a collection of civilized footholds on a great interior wilderness, in a single stroke replacing it with the modern vision of the United States. It was at once a breathtaking engineering feat, an extraordinary political accomplishment, and — almost offhandedly — a death blow to the Plains Indians' way of life. It was the romantic idea of the Old West falling victim to the stern advance of modern industry, an ending and a beginning. At the same time, as Bain makes clear, it was one of the most astoundingly venal enterprises ever undertaken in the public interest.

The *Credit Mobilier* affair, although it is remembered along with Teapot Dome as one the great American scandals, really just hinted at the trail of political payoffs that sent the Union Pacific westward and the Central Pacific eastward. For those who think Washington has just been through a season of scandal, here is a reminder of what a real one looks like.

Bribery fueled the railroad project from beginning to end. Just about everyone in a position of power used it to enrich himself, so many that the few noble souls attached to the work, like the heroically honest and long-suffering consulting engineer, Samuel Reed, come off as somewhat priggish for refusing to dip into the trough. Bain's account of this monumental project does what the best history can do: It holds up a mirror that reflects the best and the worst of this country, and prompts us

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to consider whether one is possible without the other.

Bain traces the history of the idea to Asa Whitney, a Connecticut merchant whose trade with China set him thinking about a more efficient way to transport goods from Asia to the markets of America's booming east coast. The more he thought about it, the more excited he got. A "Pacific railroad" wouldn't just bring Chinese goods to American markets, it would reorient the world, making North America its transportation hub. An idealist and dreamer, Whitney saw no end to the benefits of unfettered transportation: "For the destitute overpopulation of Europe, without food and without homes — for the heathen, the barbarian, and the savage, on whom the blessings and lights of civilization and Christianity have never shone."

But Whitney was just a dreamer. He would draft the notion and have it presented to Congress in 1844, in the hope that it would prevail by simple merit. All it would require, he reasoned, was a land grant along the length of the narrow proposed route. The sale of lands adjacent to the new railroad would more than earn back the estimated $50 million investment. Given the great boon to America and mankind, Whitney believed there was no way for the idea to fail. It made too much sense.

When he died in 1872, three years after the transcontinental railroad was finished, no one connected with the railroad even remembered Whitney. Not one stop on its entire length was named after him. But this neglect wasn't really unfair. The forces that finally built the Empire Express had nothing to do with Whitney, nor with his dream. What finally moved Congress to act was an appeal not to its vision, but to its wallet.

Whitney's story, this story, is more than a profile in naiveté. It is a cautionary tale about the nature of politics in a free country. Idealists are fond of portraying politicians as buffoons or scoundrels, and there's usually no shortage of exemplars in Washington.

There are real things at stake in the political arena, true competing regional interests and ideas, forces that must be acknowledged, compromises that must be reached.

But there are real things at stake in the political arena, true competing regional interests and ideas, forces that must be acknowledged, compromises that much be reached. The process is often tawdry to those who dream of a system united by mutual interest in the public good. Whitney saw the value of a railroad from ocean to ocean. He saw it clearly and he was right. He proposed building it in the most sensible way, the shortest direct route on land that would skirt the hottest regions where perishables in transit would most easily spoil. His plan called for no taxes, no government spending, just the deeding of land that up until that point had no value. So no wonder he considered criminally devi-

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ous the politicians who opposed the idea, like Missouri Sen. Thomas Hart Benton. Whitney failed to consider what to a smart legislator like Benton was obvious: There was a lot of money to be made in all things associated with this new railroad. Its origin and terminus and every major and minor stop in-between stood to prosper. In the great

In the great scramble to succeed, such a big part of the pursuit of happiness, there would be huge winners and losers wherever and however such a railroad was built.

scramble to succeed, such a big part of the pursuit of happiness, there would be huge winners and losers wherever and however such a railroad was built. So the course of the transcontinental railroad would not be, strictly speaking, the most sensible. It would be the sum of every competing power and ambition along the way.

Crooks and dreamers strode side by side in this effort. Bain's most interesting character is Thomas Clark Durant, "The Doctor," "The First Dictator of the Railroad World." I was reminded of Robert Caro's masterful portrait of Robert Moses in *The Power Broker*. It would be hard to find another example of a private individual amassing so much control over a public project — only Durant was far more personally corrupt than Moses, who was more interested in power than money, although he clearly understood the connection.

Trained as an opthamologist, Durant eased into railroads in 1851, not as someone entranced by transportation, but in the way a young man today might decide to ease into trading stock in bioengineering firms. Railroads were the coming thing. After learning the rudiments of moving rail projects forward by securing financing for new lines in Illinois, Iowa, Missouri, and other places, Durant, with deeply avaricious prescience, bought a controlling stake in the fledgling Union Pacific railroad in 1862, evading regulations against any one investor owning a controlling interest by simply arranging for friends to make the purchases on his behalf. From that point forward, the doctor seems to have found a way to further enrich himself every mile of the transcontinental trail.

He executed one of his baldest schemes in January 1864. Without apparent logic, Durant instructed one of his construction engineers on the border of Missouri and frontier Nebraska to ignore the most efficient and sensible path and plot out a route that would completely bypass the existing outposts of Council Bluffs and Omaha. The orders so bewildered engineer Peter Anthony Dey that he wrote in a letter to a colleague, "[I am] so completely disgusted with his various wild ideas that I have been disposed repeatedly to abandon the whole thing." He pleaded with Durant, "It is

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difficult to make surveys without forming some idea of what you are doing and what it is for." The doctor offered no explanation.

The shifting rail route turns out to have had little to do with Nebraska, or railroads, for that matter. It was, in the words of Nathan Dodge, the brother of Greenville M. Dodge, the former Union General and Union Pacific chief engineer, "a stock operation entirely":

> First, he said, the doctor had announced that the Union Pacific would connect to his Mississippi and Missouri line, and his M&M stock began to rise to $1.49 per share. Durant then discreetly sold his M&M stock, reinvested in the Galena and Chicago Union, and announced to the world that he would build the Union Pacific to connect with Galena's subsidiary, the Cedar Rapids and Missouri [the more southerly route]. Immediately the M&M stock plummeted to $1.11, the Galena shot up, and Durant sold his Galena and bought back his M&M.

With what Bain terms "rueful envy," Nathan Dodge wrote, "In other words, he gets back home and makes in the round trip for him and his friends $5,000,000. It is the smartest operation ever done in stocks and could never be done again." After President Lincoln intervened, the rail was eventually built to Omaha.

For all this delicious chicanery, the *Empire Express* is not an easy book to read. The book is weighted down with so much detail about payoffs and swindles that the reader longs for passages detailing the Central Pacific construction work across the Sierra Nevadas and into Utah, where Chinese rail gangs carried nitroglycerin up rocky slopes to blast their way, sometimes inches at a time, through mountains. Bain is a good writer, and his prose moves swiftly when he gets going on the construction challenges, the dangerous surveying expeditions into hostile Indian country, the wild life in the tent cities that sprung up overnight along the railroad's path to milk paychecks from the work crews, or evocative passages about the Plains Indians, who are being shoved into ever smaller and more desolate patches of land by the inexorable march of progress. *Empire Express* is full of cameo appearances by most of the major figures of the period, from Lincoln, Ulysses S. Grant ,and Brigham Young to Mark Twain and Walt Whitman. But it bogs down repeatedly and heavily on the intricacies of Washington and Wall Street deal making, as investors like Durant and the Central Pacific's Collis P. Huntington scrambled to secure public funds, grease pockets, and build their own fortunes, while speculators traded in land, iron, and every other material vital to the project. One of the arts of storytelling is knowing when enough is enough. Some details cry out for endnoting. In these chapters it is easy to lose sight of the project's real grandeur. Out there in the wilderness those Chinese and Irish work crews were literally building a road to the future.

There is something both exhilarating and sad about an event that so clearly closes one age and opens another. One of the virtues of this impressive book is that it captures both. There is appropriate awe for the sheer will of men who blasted and dug and hammered their way across mountains and deserts, but

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Bain also captures glimpses of the world that was rapidly being lost, of surveyors braving hostile Indians to map out proposed routes through magnificent landscapes of unspoiled wildness, of Pawnee Indians racing their ponies alongside locomotives as the rail begins to stretch across the plains. There was little wistfulness at the time, however. Silas Seymour, one of the railroad's consulting engineers and a man whose opinions were solidly in the mainstream, wrote proudly of the necessary genocide, or at least culture-cide.

> [T]he laws of civilization are such that it must press forward: and it is in vain that these poor ignorant creatures [Indians] attempt to stay its progress by resisting inch by inch, and foot by foot, its onward march over these lovely plains, where but a few years since, they were "monarchs of all they surveyed." The locomotive must go onward until it reaches the Rocky Mountains . . . penetrating the hunting grounds of these worse than useless Indian tribes, until they are either driven from the face of the earth; or forced to look for safety in the adoption of that very civilization and humanity, which they now so savagely ignore and despise.

We have come a long way in this country. I know of no scandal attaching itself to the Apollo moon program (a comparable twentieth century engineering triumph) that compares in any way to the wholesale marketing of votes and widespread fleecing that took place during the 1860s. There are some parallels. Werner Von Braun and his rocket team may have been motivated by the purity of an idea, but it took the Nazi war machine and the Cold War to make their dreams reality. Von Braun's first rockets got built because Hitler needed a weapon against England's valiant air defenses, and we went to the moon in 1969 not just (or even primarily) because mankind longed to explore a new frontier, but because America wanted to make sure it owned the high ground of space, both literally and as an assertion of technological superiority. Bright ideas are one thing, but for real muscle, something more basic, like money or military advantage, must be at stake.

That doesn't mean the dream isn't still there. It is easy to scorn the higher motives of progress by failing to see beyond its often tawdry engines. After the Central Pacific cleared the Sierra Nevadas, an amazing engineering feat for its day, James Anthony, editor of the *Sacramento Union* and a persistent critic of the effort, wrote in 1868:

> There is novelty in this event which must for the moment excite general curiosity, but further than that, the announcement is of no importance. Long ago the public have justly regarded this much-lauded and patronized transportation enterprise as a merely private affair to be used for the enrichment of very few individuals, without any like compensating returns to the liberal public, by whom it was started, and by whose money built. . . . It [is] merely another link completed in the chain whereby a couple of selfish corporations are endeavoring to prove to all the world that gratitude is weaker than avarice, and that it is dangerous to

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trust any private individuals with the management of such vast public interests.

Anthony was right about the corruption, but wrong about the import of the railroad. It may be unfashionable to say, but history can remind us from time to time that whatever our shortcomings as a nation, there is such a thing as progress after all. Anyone who had spent months laboring over the plains, deserts, and mountains to California, watching loved ones starve or freeze or fall victim to Indian attacks, only to return east a decade later in the relative safety and comfort of a Pullman car could tell Mr. Anthony about "compensating returns." I suppose some would argue that the world would be a better place if rails and then highways had never connected East Coast to West in America, if the Plains Indians had been left to drift through the great central territories as their ancestors had for centuries. In some ways, they would be right. But there appears to be something irresistible about civilization, or Westernization, both now weighted terms. Call it the spread of democratic rationalism. Even in parts of the world where it is actively opposed, as in the old Soviet Union, or in Iran and China, time seems to work to its advantage.

The interplay of power and interests in a democratic society isn't always pretty to watch, but it does appear to move us in a desirable direction overall. Today we reel at the corruption and cruelty of the nineteenth century forces that shaped this nation, just as we are appalled today by the ethnic hatreds and kleptocracies of the Third World. We appear to have gotten past these things. It would be hard to imagine any major public works project in modern America that could be so blatantly and enthusiastically corrupted, one that could so shamelessly exploit immigrant labor or ride roughshod over other peoples and cultures as this railroad project did the American Indian.

Is this progress, too? Or have we simply changed blindnesses, exchanging racism and imperialism for, perhaps, lack of concern for the global environment, or irreverence for the fundamental laws of biology? We still have our frustrated dreamers, like engineer and author Robert Zubrin, who has argued so passionately for a manned mission to colonize Mars. And we have our determined cynics, like Jeremy Rifkin, who warns us that bioengineering will enrich relatively few while doing inestimable damage. Zubrin's idea, no matter how ingenious, will never happen until going to Mars makes sense in terms of some great motivating societal force — profit or national security. Rifkin's arguments may force more sensible scrutiny of genetic tampering, but they aren't likely to halt technology in its tracks and return us to the quasi-agrarian fantasy he postulates as utopia. We will continue not just to change, but to move forward.

Bain's account of the transcontinental railroad project never stresses this point. At times he seems more determined to document the avarice than record the accomplishment. But his story reminds us that progress exists, that human effort matters. It does sometimes exact a terrible price, and its motives are not often pure, but trying to stop it is like trying to outrun a locomotive on a pony.

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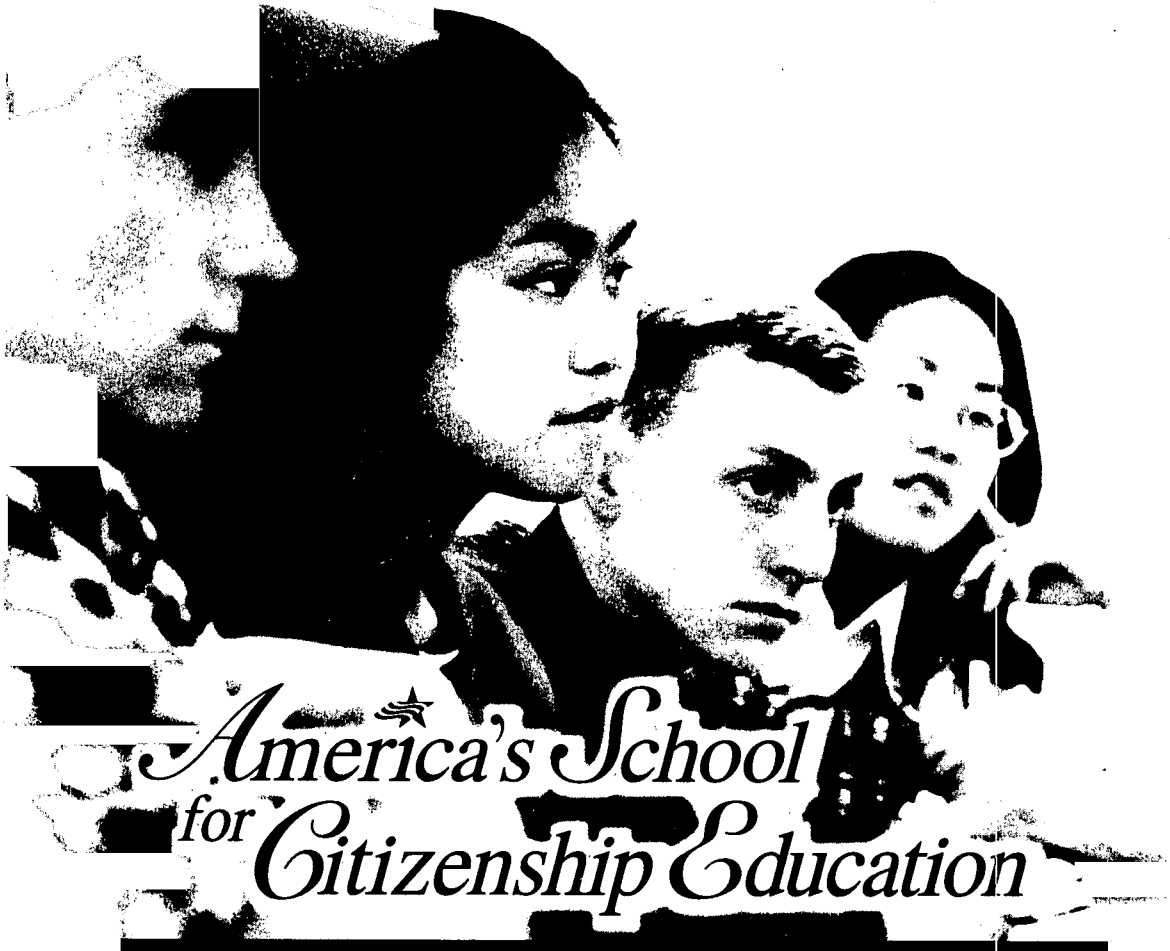

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LETTERS

The Question of "Culture War"

SIR, — In all my years of reading *Policy Review* — and I still have the first issue — I have never seen anything like the grossly misleading article "The Culture War That Isn't" (August-September 1999).

The very same mail that brought that article also brought material about yet another scheme to infiltrate the American family with "home visitation" programs, promoted as a way of reducing child abuse, but in fact using devious methods to bring propaganda in and personal information out. While doing research for my book *Inside American Education*, I became aware of all sorts of other organized, nationwide efforts to reshape the minds and morals of schoolchildren in a counter-cultural direction. My research assistant brought me so much information on so many such programs that I had to tell her to stop — because the chapter on classroom brainwashing was already too long.

All across this country, counter-cultural values are being relentlessly promoted in schools, libraries, museums, and even in corporations where "diversity consultants" harangue the employees with a counter-cultural interpretation of race and sex differences. We are not talking about mere differences of opinions or media biases or academic political correctness. We are talking about very well-thought-out and systematic institutional efforts, including indoctrination that begins on campus with freshman orientation and includes whole departments of victimhood studies, coed bathrooms, and the portraying of pedophilia as just another lifestyle. In short, the culture wars are not about Paul Weyrich or the Rev. Jerry Falwell and their differences of opinion with Jeremy Rabkin.

Yet now we are being reassured that the cultural wars do not exist — based on a very narrow and arbitrary conception of what such wars consist of, garnished with a few historical parallels. The late Nobel prize-winning economist George Stigler once said of a certain flawed economic study: Using such methods one can prove that no one was killed in World War II. Using Professor Rabkin's methods, we might be able to prove that World War II never happened.

THOMAS SOWELL
Rose and Milton Friedman
Senior Fellow
The Hoover Institution
Stanford, Calif.

SIR, — The clue to Professor Rabkin's astonishing inability to discern the culture war appears late in his article, at the top of page 18: "Popular culture *may* be more debased than it used to be [emphasis added]."

May? It was not that long ago that Americans were entertained by "Leave It to Beaver" and "Father Knows Best," not "South Park." The decline — better, the collapse — of popular culture has been breathtaking both in speed and in degree. Only a lunatic professor could miss it.

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The dimensions of the collapse are such as to invalidate the historical parallels Professor Rabkin proposes. At no time in our past did we heave the whole Judeo-Christian tradition overboard. Yet a large segment of American society, including most of the establishment elite, has now done so. Professor Rabkin's own university, Cornell, is just one of many bastions of political correctness — which is simply Marxism translated from economic into cultural terms. One wonders if the good professor ever wanders about his own campus.

More, Professor Rabkin misses the basic point I and others have been endeavoring to make. Most of his article is about politics, or about how culture has fed into politics. My point is that culture is more powerful than politics. While it is vitally important that conservatives remain constructively engaged in politics, we cannot expect politics to turn culture around. On the contrary, so long as we continue to lose the culture war, we must expect that over the long haul politics will generally work to our disadvantage.

We must make the culture our top priority, and we must decide what strategy to follow in fighting for it: Should we attempt to retake existing institutions, or should we build our own, parallel institutions? As I have made clear elsewhere, I think the latter course is more promising.

PAUL M. WEYRICH
President
Free Congress Foundation
Washington, D.C.

SIR, — Jeremy Rabkin's article, "The Culture War That Isn't," while mostly thoughtful and well-argued, unfortunately hits below the belt with its treatment of Rabbi Daniel Lapin. Rabkin makes no attempt to confront directly any of the arguments in Rabbi Lapin's book, *America's Real War*, instead dismissing it as "somewhat overwrought," and implying that its use of military metaphors is somehow inappropriate.

In addition, the article states, "[Lapin] no longer has his own congregation and does not live in a Jewish community. He conducts a syndicated radio program and other advocacy efforts from his home on an island near Seattle." These words are clearly intended, in combination with Rabkin's treatment of the book, to create the image of a lone-wolf eccentric living in self-imposed isolation from the real world. Nothing could be further from the truth.

First of all, Rabkin's remark about Rabbi Lapin "no longer" having "his own congregation" plays on Christian ignorance of both Orthodox Jewish demographics, and the role of rabbis generally. In the Orthodox community, a great many men hold *smicha*, or rabbinic ordination, and only a very small percentage of them serve as congregational rabbis. Even in a small community like Seattle, there are dozens of men with Orthodox ordinations, and only five congregations. Furthermore, unlike many Christian denominations, in Orthodox Judaism congregational prayer is normally led by laymen. Rabbis are not priests, they are doctors of Jewish tradition and guides to spiritual development — both roles Rabbi Lapin continues to fulfill. In addition to teaching frequently, he has presided at three weddings — in three different states — in the 100 days before this

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writing: not a large number for a busy congregational rabbi, but more than enough to refute Rabkin's implicit charge of isolation.

Second, Rabkin might want to brush up on his geography. The "island near Seattle" where Rabbi Lapin resides is, again, not an isolated location but a central part of our metropolitan area, connected to both sides of Lake Washington by the eight-lane I-90 freeway. Not only does it have a thriving Jewish community, in which Rabbi Lapin plays an active part, but, because of its central location, Mercer Island is in many ways the focus of Jewish life in the Seattle area. In addition to Seattle's largest Conservative congregation and rapidly-growing Orthodox community, the Island is home to the region's only full-service Jewish Community Center and the well-regarded Northwest Yeshiva High School — the largest institution of its kind in a thousand-mile radius.

Third, none of Rabbi Lapin's efforts are "conducted from his home." Toward Tradition, the national organization of which Rabbi Lapin serves as president, maintains a respectable, if modest, suite of offices for its seven full-time staff members. Toward Tradition has a 24-member board of directors and thousands of donors representing every region of the country. Also, we receive funding from the mainstream conservative organizations that also support *Policy Review*.

Finally, while Rabbi Lapin does indeed use bold language and robust arguments, to call *America's Real War* "overwrought" is a little overwrought. And to criticize the book's use of military metaphors is ridiculous. To take only the two examples that are currently lying on my desk, both Associate Justice Antonin Scalia and the late, great Leo Strauss — two of the foremost intellectuals of twentieth century conservatism — found such metaphors useful and necessary: The former speaks of *Kulturkampf* in his brilliant *Romer* v. *Evans* dissent, and the latter discusses the "armed camps" of academics (whose conflict prefigured the current culture war) in *Natural Right and History*. If sources of that stature are insufficient to legitimize the use of military metaphors, Jeremy Rabkin is hardly a high enough authority to debunk it.

ADAM PRUZAN
Program Director
Toward Tradition
Mercer Island, Wash.

SIR, — Jeremy Rabkin's implied definition of culture in the August and September issue of *Policy Review* seems both narrow and out of touch with reality. A code of behavior is far broader than the political, religious axis he postulates. Gunfire in our schools, pornography sold through every hotel television set in the land, the something-for-nothing racket governments advertise to citizens in the form of lotteries, the secular humanist religion taught in government schools are the realities of our culture. With the definition of right and wrong up for grabs, much more is going on in our land than some extension of the Scopes trial.

The historical observations Rabkin provides as background are informative, but we live in the present, and our culture has been trending in one direction for 30 years.

If Rabkin wishes to identify leaders of both sides, there is little disagree-

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ment that Bill Clinton is the poster boy for moral depravity and publicly practices what he preaches. He can pick John Paul II as the opposition for the culture of death which prevails.

How about doing Part II of this article to take into account the period from the 1960s to the present?

JACK FALVEY
Londonderry, N.H.

SIR, — Professor Rabkin makes a compelling case. But having served on the Council of the National Endowment for the Humanities (1978-1984) and the National Endowment for the Arts (1984-1990), I remember shedding blood in battles in the war that Rabkin says never happened. It happened.

Political agencies from the 1960s forward indeed were made to serve a partisan agenda, on the one side, and to legitimate positions in matters of values and beliefs deeply hostile to American tradition and conviction, on the other. Avant garde art that ridiculed Christianity, humanistic scholarship meant to distort history and destroy love for country and tradition — these, the two endowments favored, to the exclusion of art as source for beauty, and humanistic learning as a medium of insight and truth.

When Chairman William J. Bennett came into the NEH in December 1981, his reading of what required reform, intensely controversial at the time, concerned vital issues, not imagined ones. He bravely confronted the entire academic establishment — "tenured radicals" — and faced it down. So while I share Rabkin's measured assessment, I do think political issues encompassed profound social concerns of religious conviction, as the one side exploited federal agencies to advance its cultural program and the other side resisted as best it could.

JACOB NEUSNER
Distinguished Research Professor of
Religious Studies
University of South Florida
Tampa, Fla.

SIR, — Jeremy Rabkin's piece on culture wars was, as usual, interesting and well argued. Unfortunately it was as far off the point as he accuses Cal Thomas, Pat Robertson, and Paul Weyrich of being.

There was in fact a culture war. Problem is, by the time Pat Buchanan rose at the 1992 Republican convention to draw our attention to it, it had been over for 15 years. The culture war ended in the 1970s, before conservatives knew that there was a war in progress. By the late 1970s and early '80s, virtually all defining components of the culture were firmly in the hands of the liberal/radical/progressive worldview. The universities, print and television media, Hollywood, the arts, and increasingly religion became home to a culture actively hostile to historical American values, habits, and traditions. Both the intensity of the hostility and its eventual monopoly status made it far different from any petty cultural squabbles that have come before.

Most Americans didn't even notice this cultural ascendancy until the dominant cultural forces began to intrude on their lives through the engine of politics. Liberal politics is at heart a mechanism by which and through which cultural norms are enforced. By the mid- to late 1970s cultural radicalism had come to dominate the institutions of cultural definition and therefore began

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to "leak" into politics in the practical forms of busing, abortion on demand, environmentalism, affirmative action, the active persecution of religion in public life, "gay rights," and the blooming of pornography. This cultural leakage continues, indeed accelerates, to this day. As I type this I am watching hearings on "Hate Crime" legislation on C-SPAN. The cultural elite remains desperate to enforce its norms through politics.

Most conservatives perceived that the values of this culture seemed completely at odds with the values of the American people. And they were mostly right. Once they woke up, the reaction to this meddling created the Reagan Democrats, neoconservatives, Moral Majority, and the religious right seemingly overnight. Grumpy old paleocons and libertarians finally had allies, and together they swept Ronald Reagan into office. But even as powerful a political figure as Reagan could do no more than stall the progressives on the political front, while we watched helplessly from a distance as the culture continued to go downhill.

In retrospect, it seems that virtually all of the available conservative firepower in the '80s and '90s was directed at trying to use the political weight of the silent majority to overwhelm the liberal cultural ascendancy through political means. I don't think we thought that's what we were doing. Maybe some cabal of really bright strategists pointed us that way deliberately, but I doubt it.

One Bush, one Gingrich, and one Starr later, some of us may finally be beginning to understand that politics does not and cannot beat culture. We were fighting a war, but at the wrong time, in the wrong place, against the wrong people. Whoops.

The impeachment debacle made this futility obvious — it seemed to be proof positive that the worldview of modern liberalism has spread like a cancer from the institutions of cultural leadership to infect the values of the people at large. No more are we a common-sense and conservative people burdened by out-of-touch cultural institutions. We fear the people themselves have been co-opted and corrupted. And so valiant fighters like Paul Weyrich slink away in disgust.

I do not buy this argument. We are not there yet. But we are heading that way in a hurry unless we learn that we need to fight the culture war on the cultural front, not the political front.

We cannot abandon politics, if for no other reason than to keep the dikes from bursting. But we now know that our biggest problem isn't with politics. If we are to truly win back our nation we must first take back the engines of culture. The timing is good in that inertial stresses of the information age are already beginning to break up the monolith. We need to dive in, with a clear understanding that we are not acting to change the world today, or next year, but a decade or two down the road.

Above all, we must remember that we cannot change culture through politics, but we can change politics through culture.

PATRICK J. SHANAHAN
Anoka, Minn.

SIR, — Jeremy Rabkin is convincing in his critique of Paul Weyrich and company. The only real question is: How could the dialectical relationship

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between politics and religion have escaped intelligent observers? Intellectuals in this country and Europe still commonly labor under the Enlightenment's fallacy, that reason and revelation are unrelated. In America, this has been enshrined as "the separation of Church and State," which is not a constitutional principle, but a distortion thereof. Our political discourse will remain vituperative and static as long as we persist in pretending that our values are not framed by our intimations of God.

BRUCE CHILTON
Professor of Religion
Bard College
Annandale-on-Hudson, N.Y.

SIR, — I was aghast at the superficial treatment Professor Jeremy Rabkin gave to the culture war, something he alleges does not even exist. He had better come down from his blind perch in the ivy tower and smell the moral napalm. This country has been at war for years and it is a battle for the soul of America, as Pat Buchanan so passionately evoked seven years ago in Houston. One need only look around to the culture at large — our movies, our speech, our attitudes towards traditional morality, marriage, the family, and feminine modesty — to see that we have been beset by a horde of mind-snatchers who have warped our very way of living and thinking.

One need only look to the corrupt sewer of our leadership in Washington to see that the rule of law has been replaced by the rule of the few. The Christian gentlemen of the past have been marginalized and harried from the fray in the name of tolerance, compassion, and political correctness. And all of this has been done under the eyes and noses of people such as the good professor, who like the frog in the gradually boiling pot will be cooked before he recognizes what is going on.

W. A. BORST
St. Louis, Mo.

SIR, — Jeremy Rabkin's article is well balanced and carefully documented. It would seem, rather, to indicate that throughout our country's history there is a constant conflict between the two world views. Sometimes the conflict is quiet. Sometimes it comes into focus on a particular issue, depending on the temper of the times. At these times it is noticed by the media and is brought under public discussion. Some unexpected alliances do develop. The basis is always the same — two opposing world views. Fight the good fight!

JANE E. THOMAS
Waikola, Hawaii

THE AUTHOR RESPONDS,

I did not expect my article to provoke such angry responses. Evidently, my critics are so committed to the culture war that they can't stop shooting — even at their friends.

For the record, then, I agree with Paul Weyrich that popular culture is much more debased today than it was 40 years ago. I also agree with Thomas Sowell, Jacob Neusner, and W. A. Borst that there are continuing efforts, in various quarters, to propagate doctrines of moral chaos. And I agree, too, with Jack Falvey, Patrick Shanahan, and Bruce Chilton that broader cultural trends are far more important than particular electoral results.

But what follows from these perceptions? The "war" metaphor suggests

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that conservatives should be able to rally the stout-hearted American majority for a successful cavalry charge — or at least, a determined blockade — against the forces of cultural aggression. That, at least, seems to be Mr. Sowell's notion.

But as Mr. Weyrich reminds us, the majority is already consuming all that debased popular culture — and doing so without any coercion by leftist cabals in government or in schools. So if there is a "war," conservatives will be outnumbered and surrounded and probably doomed to defeat. Should we then abandon the field of political conflict, as Mr. Weyrich seemed to counsel last February?

Rather than choose between these false alternatives, I think we would do better to abandon the "culture war" metaphor that makes one or the other seem plausible. Of course, we should do what we can to improve the moral standards of our society. But we shouldn't pretend that we can rally the country to that effort as easily as we rallied an earlier generation to the struggle against communism. Nor should we think that to strengthen our own religious and cultural commitments in private life, we must altogether withdraw from wider politics — as if conservatives had to choose between standing guard duty in fortified camps or building a fleet of aircraft carriers for the final offensive. Military metaphors will confuse us either way. For all the problems our country now faces, its civic life is not a condition of "*war.*"

The main point of my essay was that our situation, in this respect, is not all that different from the situation faced by earlier generations. America has always had a lot of people anxious to uphold religious and moral standards — and a lot of fierce individualists,

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instinctively hostile to preaching and moralizing. In earlier times, therefore, those who championed concerns that we now call "conservative" (or "social conservative" or "religious conservative") had to make common cause with others who had different concerns and different priorities. Our politics has usually proceeded through shifting coalitions among otherwise disparate groups.

And that is still the kind of politics most likely to work for us, even in the arena of "cultural politics," where the aim is to affect public attitudes rather than impose new governmental controls. Conservatives need to have patience and agility and some sense of perspective. Neither bellicosity nor despair will serve us well. And for what it is worth, not all the current cultural trends are so discouraging.

Since Mr. Weyrich singles out my own university, let me report what I do see when I "wander about" on the Cornell campus. Compared with the bulk of students I observed here in the mid-1970s, today's students are far more likely to be involved in prayer or Bible study groups. They are far more respectful to fellow students in military uniform (as ROTC cadets). They display far more understanding and appreciation for the benefits of free markets. In a lot of ways, students are much more conservative than they used to be. I expect that, eventually, the faculty will improve, too.

Finally, I would like to assure Mr. Pruzan that I did not mean to denigrate Rabbi Lapin — or Mercer Island or the physical infrastructure of Toward Tradition — in my quick sketch of Rabbi Lapin's circumstances. I have a lot of sympathy for his arguments, as I said in the article. But I think the tone and form of his book are quite different from what one might find in publications by, let us say, leaders of Agudath Israel (an advocacy group of some prominence in the world of Orthodox Judaism). In somewhat similar ways, I tried to caution readers that Kenneth Craycraft's perspective is unusual among American Catholics (even among conservative Catholics), just as Cal Thomas and the Rev. Ed Dobson have set themselves up (in some ways) as dissidents in the world of evangelical Protestantism. I meant no disrespect to any of them. In cautioning against overly belligerent rhetoric, I did not mean to make new enemies nor to foster new divisions.

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LETTERS TO THE EDITOR

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